



**Province of Newfoundland
and Labrador**

**Public Accounts
Volume IV (A - L)**

**Financial Statements of
Crown Corporations,
Boards and Authorities**

**For The Year Ended
31 March 2005**





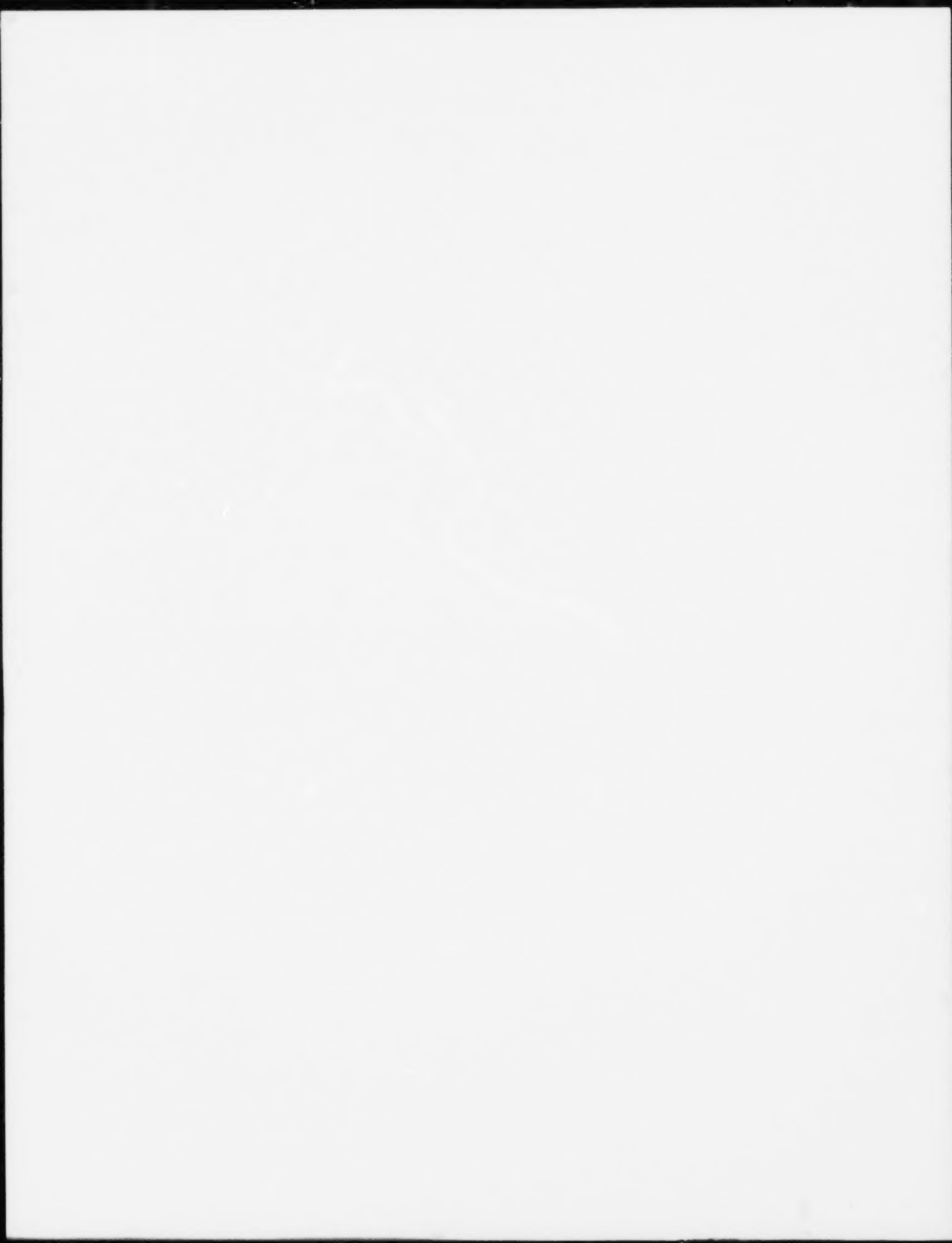
Province of Newfoundland and Labrador

Public Accounts

Volume IV (A - L)

**Financial Statements of Crown Corporations,
Boards and Authorities**

**For The Year Ended
31 March 2005**



INTRODUCTION

The reproduction of the available financial statements of Crown Corporations, Boards and Authorities are presented through the publication of the Public Accounts, Volume IV. This Volume is produced alphabetically in two books, A to L and M to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

The Public Accounts for the year ended 31 March 2005 consists of three other volumes:

Volume I – Consolidated Summary Financial Statements presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Volume II – Consolidated Revenue Fund Financial Statements presents the financial position of the Fund and the results of its activities.

Volume III – Consolidated Revenue Fund Supplementary Statements and Schedules presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

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The financial statements of the following agencies were not received in time for inclusion in this volume.

NAME	Year
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Health Care Foundation of St. John's Inc.	2005
Newfoundland and Labrador Government Sinking Fund	2005
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Avalon Health Care Institutions Board
Consolidated Financial Statements
March 31, 2005

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Directors of the
Eastern Regional Integrated Health Authority

We have audited the consolidated statement of financial position of the **Avalon Health Care Institutions Board** as at March 31, 2005, and the consolidated statements of operations, changes in deficiency and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 13, 2005

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Avalon Health Care Institutions Board

Consolidated Statement of Operations

Year Ended March 31	2005	2004
Revenue		
Provincial plan - department's approved operating budget	\$ 50,272,087	\$ 50,322,340
MCP physician revenue	6,066,358	6,379,769
Resident revenue - long term care	2,553,650	2,762,999
Workers' Compensation recoveries - salaries	676,160	754,169
Department of Health and Community Services - direct payments	547,909	906,772
Dietary recoveries	243,133	252,055
Inpatient	232,420	148,027
Outpatient	191,134	240,945
Mortgage interest subsidy	112,296	112,296
Other	384,764	327,351
	<u>61,279,911</u>	<u>62,206,723</u>
Expenditure		
Nursing inpatient services	23,610,220	24,197,019
Support services	13,893,657	15,157,373
Diagnostic and therapeutic services	7,035,489	7,273,407
Medical services	6,945,731	7,218,854
Administration	5,648,560	5,621,918
Ambulatory care services	3,869,709	3,575,457
Education	161,975	160,347
Undistributed	2,309	1,892
	<u>61,167,650</u>	<u>63,206,267</u>
Surplus (deficit) prior to non-shareable items	<u>112,261</u>	<u>(999,544)</u>
Non-shareable items		
Amortization of deferred capital equipment grants	723,363	749,748
Depreciation	(1,190,659)	(1,217,611)
Accrued vacation expense - decrease (increase)	186,102	(290,017)
Accrued severance expense - increase	(153,119)	(484,712)
Board operations (net)	<u>(217,547)</u>	<u>(277,469)</u>
	<u>(651,860)</u>	<u>(1,520,061)</u>
Deficit on operations	<u>\$ (539,599)</u>	<u>\$ (2,519,605)</u>

See accompanying notes to the consolidated financial statements.

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Avalon Health Care Institutions Board
Consolidated Statement of Changes in Deficiency
Year Ended March 31, 2005

	Operating Fund	Capital Fund	Board Fund	Total 2005	Total 2004
Balance, beginning of year	\$(20,213,000)	\$ 191,727	\$ (663,884)	\$(20,685,157)	\$ (18,165,552)
Deficit on operations	<u>(322,052)</u>	<u>-</u>	<u>(217,547)</u>	<u>(539,599)</u>	<u>(2,519,605)</u>
Balance, end of year	<u>\$(20,535,052)</u>	<u>\$ 191,727</u>	<u>\$ (881,431)</u>	<u>\$(21,224,756)</u>	<u>\$ (20,685,157)</u>

See accompanying notes to the consolidated financial statements

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Avalon Health Care Institutions Board

Consolidated Statement of Financial Position

March 31

2005

2004

Assets

Current

Receivables (Note 3)	\$ 1,577,085	\$ 3,027,640
Inventories (Note 4)	1,692,947	1,622,198
Prepays	<u>615,252</u>	<u>638,831</u>
	3,885,284	5,288,669

Capital assets (Note 5)	16,955,948	17,731,326
Restricted use funds (Note 6)	<u>353,451</u>	<u>317,865</u>
	<u>\$ 21,194,683</u>	<u>\$ 23,337,860</u>

Liabilities

Current

Bank indebtedness (Note 7)	\$ 10,914,331	\$ 12,440,461
Payables and accruals	3,321,951	2,917,543
Accrued vacation pay	2,762,957	2,969,058
Deferred contributions - operating	607,965	14,454
Deferred contributions - capital	-	302,592
Current portion of accrued severance pay	340,039	344,520
Current portion of loans and mortgages payable	374,664	379,637
Current portion of obligations under capital lease	<u>54,587</u>	<u>80,800</u>
	18,396,494	19,449,065

Restricted use funds (Note 6)	353,451	317,865
Accrued severance pay	7,334,524	7,176,926
Loans and mortgages payable (Note 8)	6,203,886	6,578,930
Obligations under capital lease (Note 9)	<u>62,793</u>	<u>109,938</u>

	32,351,148	33,632,724
Deferred contributions - unamortized portion of capital grants (Note 10)	<u>10,068,291</u>	<u>10,390,293</u>
	<u>42,419,439</u>	<u>44,023,017</u>

Net Assets (Deficiency)

Operating Fund deficit (Note 11)	(20,535,052)	(20,213,000)
Capital Fund net assets	191,727	191,727
Board Fund deficit	<u>(881,431)</u>	<u>(663,884)</u>
	<u>(21,224,756)</u>	<u>(20,685,157)</u>
	<u>\$ 21,194,683</u>	<u>\$ 23,337,860</u>

Contingencies (Note 13)

On behalf of the Board

K. Nash Member H. McPherson Member

See accompanying notes to the consolidated financial statements.

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Avalon Health Care Institutions Board

Consolidated Statement of Cash Flows

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating		
Deficit on operations	\$ (539,599)	\$ (2,519,605)
Depreciation	1,190,659	1,217,611
Amortization of deferred capital equipment grants	(723,363)	(749,748)
	(72,303)	(2,051,742)
Change in non-cash operating working capital (Note 12)	2,065,729	(1,978,268)
	1,993,426	(4,030,010)
Financing		
Capital grants - Province of Newfoundland and Labrador	305,766	1,518,641
Capital grants - other organizations	95,595	173,649
Approved borrowing - short term financing	-	21,573
Approved borrowing - capital leasing	13,920	95,153
Repayment of long term debt	(380,018)	(370,844)
Repayment of obligations under capital lease	(87,278)	(97,019)
	(52,015)	1,341,153
Investing		
Purchase of capital assets	(415,281)	(1,809,016)
Net increase (decrease) in cash and cash equivalents	1,526,130	(4,497,873)
Cash and cash equivalents		
Beginning of year	(12,440,461)	(7,942,588)
End of year	\$(10,914,331)	\$(12,440,461)

See accompanying notes to the consolidated financial statements.

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Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2005

1. Nature of operations

The Avalon Health Care Institutions Board assumed the assets and liabilities of the Trinity-Conception Regional Health Board, the Placentia and Area Health Care Board, the Conception Trinity Inter-Faith Citizens' Foundation, and the Medical Clinics Association effective April 1, 1995.

These consolidated financial statements reflect on a combined basis, the assets, liabilities, fund balances, revenues and expenditures of the predecessor entities and the Board Fund.

2. Summary of significant accounting policies

The accounting policies of the Board are in accordance with Canadian generally accepted accounting principles. Outlined below are those policies considered significant to the Board.

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

Capital grants and donations

Capital grants relating to the acquisition of capital assets are recorded as deferred contributions and amortized on the same basis as the related asset is depreciated.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Inventories

Inventory of drugs, medical and surgical supplies, and other supplies are valued as follows:

- Drugs, at average cost
- Medical and surgical supplies, at average cost
- Other supplies, at cost

Capital assets

Capital assets are recorded at cost, with the exception of the buildings occupied as Carbonear General Hospital, the Harbour Lodge Nursing Home, and Dr. Wm. H. Newhook Community Health Centre which are not recorded as assets of the Board. Any capital improvements to these buildings are expensed in the accounts of the Board.

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Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd.)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Depreciation

Rates of depreciation applied on the declining balance method to write off the cost of capital assets over their estimated useful lives are as follows:

Land improvements	10%
Buildings	2.5%
Equipment	6.66%
Vehicles	20%

Depreciation is provided on property and equipment purchased from loans and capital leases at a rate equal to the annual principal reduction of the loans and capital leases.

Pension costs

Employees of the Board are covered by the Public Service Pension Plan and the Government Money Purchase Pension Plan administered by the Province of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to receive severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

3. Receivables	2005	2004
Provincial plan	\$ 860,040	\$ 2,142,961
Services to patients	282,475	312,427
Other	<u>434,570</u>	<u>572,252</u>
	<u>\$ 1,577,085</u>	<u>\$ 3,027,640</u>

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Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2005

4. Inventories	2005	2004
Drugs	\$ 621,452	\$ 624,217
Medical and surgical supplies	534,317	436,442
Linen supplies	179,500	181,517
Laboratory supplies	244,392	243,642
Radiology supplies	45,598	48,955
Food supplies	14,350	20,562
General supplies	53,338	66,863
	<u>\$ 1,692,947</u>	<u>\$ 1,622,198</u>

5. Capital assets			2005	2004
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land and improvements	\$ 196,036	\$ 3,884	\$ 192,152	\$ 192,199
Buildings	9,185,134	2,493,139	6,691,995	7,066,740
Residences	167,411	162,535	4,876	13,183
Equipment	20,479,963	10,552,585	9,927,378	10,267,877
Vehicles	475,185	335,638	139,547	191,327
	<u>\$ 30,503,729</u>	<u>\$ 13,547,781</u>	<u>\$ 16,955,948</u>	<u>\$ 17,731,326</u>

6. Restricted use funds

The Chief Executive Officer of the Board, on a voluntary basis, administers certain personal funds held in trust for residents. These funds do not form part of the assets of the Board and accordingly a corresponding liability is recorded representing the amount of funds held by the nursing homes.

7. Bank indebtedness

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$13,500,000 (2004 - \$13,000,000) at March 31, 2005. The authorized overdraft is based on actual current account balances at March 31, 2005. At March 31, 2005, current account balances were in overdraft in the amount of \$10,144,035 (2004 - \$11,754,595).

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Avalon Health Care Institutions Board Notes to the Consolidated Financial Statements

March 31, 2005

8. Loans and mortgages payable	2005	2004
Canadian Imperial Bank of Commerce's prime lending rate less 62.5 basis points borrowing to finance the construction of a new facility at Old Perican. Loan is repayable in monthly instalments of \$21,200 plus interest, matures in 2016 and is unsecured.	\$ 2,901,846	\$ 3,156,245
6.22% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$22,177 including interest. The mortgage matures in December 2020 and is secured by land and building.	2,681,465	2,779,941
10% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$8,955 including interest. The mortgage matures in December 2028 and is secured by land and building.	990,363	1,000,457
6.75% Canadian Imperial Bank of Commerce mortgage, payable in weekly instalments of \$171 including interest. The mortgage matures in October 2005 and is secured by land and building.	4,876	13,182
8% Canadian Imperial Bank of Commerce demand loan, repaid during the year.	-	8,742
	6,578,550	6,958,567
	374,664	379,637
Less: current portion	\$ 6,203,886	\$ 6,578,930

Approximate annual principal repayments required in each of the next five years are as follows: 2006 - \$374,664; 2007 - \$377,528; 2008 - \$385,787; 2009 - \$394,617; and 2010 - \$404,058.

Canada Mortgage and Housing Corporation - Interest subsidy

The Board receives federal assistance from Canada Mortgage and Housing Corporation through Newfoundland and Labrador Housing Corporation pursuant to Section 56.1 of the National Housing Act (now administered by Newfoundland and Labrador Housing Corporation) to reduce mortgage interest on the Lions Manor mortgage, a 6.22% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$22,177 including interest. The amount of assistance received in 2005 was \$92,224 (2004 - \$92,224) which reduced interest on the mortgage to an effective rate of 2%.

The Board receives federal assistance through the Canada Mortgage and Housing Corporation pursuant to Section 27 of the National Housing Act. The purpose of the assistance is to reduce mortgage interest on the Inter Faith Citizens Home mortgage, a 10% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$8,955 including interest, to 8%, in order to provide housing to low income individuals. The amount of assistance received in 2005 was \$20,072 (2004 - \$20,072).

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Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2005

9. Obligations under capital leases	2005	2004
7.51% Royal Bank of Canada lease, repayable in monthly instalments of \$2,008, maturing in 2009.	\$ 73,103	\$ 92,513
6.71% Royal Bank of Canada lease, repayable in monthly instalments of \$837, maturing in 2006.	7,705	16,403
6.48% Royal Bank of Canada lease, repayable in monthly instalments of \$528, maturing in 2006.	7,664	12,994
5.5% Royal Bank of Canada lease, repayable in monthly instalments of \$596, maturing in 2005.	3,893	10,283
6.49% Royal Bank of Canada lease, repayable in monthly instalments of \$426, maturing in 2007.	10,317	-
7.68% Royal Bank of Canada lease, repaid during the year.	-	21,834
7.71% Royal Bank of Canada lease, repaid during the year.	-	2,580
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$576, maturing in 2005.	4,925	11,491
2.9% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$583, maturing in 2005.	4,925	11,327
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$576, maturing in 2005.	4,848	11,313
	117,380	190,738
Less: current portion	54,587	80,800
	<u>\$ 62,793</u>	<u>\$ 109,938</u>

The capital leases are secured by specific equipment.

The payments required during the next four years are as follows:

2006	-	\$ 61,022
2007	-	29,940
2008	-	23,675
2009	-	15,215
		<u>129,852</u>
Less: amount representing interest		12,472
		<u>\$ 117,380</u>

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Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2005

10. Deferred contributions

Capital grants received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$10,390,293	\$ 9,447,751
Capital grants	401,361	1,692,290
Amortization for the year	<u>(723,363)</u>	<u>(749,748)</u>
Balance, end of year	<u>\$10,068,291</u>	<u>\$10,390,293</u>

11. Operating Fund deficit

	<u>2005</u>	<u>2004</u>
Accumulated operating deficit	\$(10,077,532)	\$ (9,722,496)
Accrued severance pay	(7,674,563)	(7,521,446)
Accrued vacation pay	<u>(2,782,957)</u>	<u>(2,969,058)</u>
	<u>\$(20,535,052)</u>	<u>\$ (20,213,000)</u>

12. Supplemental cash flow information

	<u>2005</u>	<u>2004</u>
Change in non-cash operating working capital		
Receivables	\$ 1,450,555	\$ (1,453,962)
Inventories	(70,749)	(163,956)
Prepays	23,579	(126,509)
Payables and accruals	404,408	(992,641)
Accrued vacation pay	(186,102)	290,017
Accrued severance pay	153,119	484,712
Deferred contributions - operating	593,511	(176,513)
Deferred contributions - capital	<u>(302,592)</u>	<u>160,584</u>
	<u>\$ 2,065,729</u>	<u>\$ (1,978,268)</u>
Cash and cash equivalents consist of:		
Cash on hand	\$ 11,675	\$ 11,675
Balances with banks (net of overdrafts)	<u>(10,926,006)</u>	<u>(12,452,136)</u>
	<u>\$(10,914,331)</u>	<u>\$(12,440,461)</u>
Interest paid	<u>\$ 378,256</u>	<u>\$ 413,294</u>

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Avalon Health Care Institutions Board

Notes to the Consolidated Financial Statements

March 31, 2005

13. Contingencies

- a) The amounts receivable from the Province of Newfoundland and Labrador under the insured services plan are subject to final approval and acceptance from the Financial Services Division of the Department of Health and Community Services.
- b) As of March 31, 2005 there were a number of claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

14. Financial instruments

The Board's primary financial instruments recognized in the statement of financial position consist of accounts receivable, current liabilities, accrued severance pay and loans and mortgages payable, and obligations under capital lease. The carrying value of the primary financial instruments of the Board approximate fair value due to the normal trade credit terms and conditions of those instruments.

15. Subsequent event

Effective April 1, 2005 the Board's operations were incorporated under the authority of the Eastern Regional Integrated Health Authority.

Avalon Health Care Institutions Board
Operating Fund
Financial Statements
March 31, 2005

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Directors of the
Eastern Regional Integrated Health Authority

We have audited the statement of financial position of the **Avalon Health Care Institutions Board - Operating Fund** as at March 31, 2005, and the statements of operations, changes in deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board - Operating Fund as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 13, 2005

Grant Thornton LLP
Chartered Accountants

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Canadian Member of Grant Thornton International

Avalon Health Care Institutions Board
Operating Fund
Statement of Operations

Year Ended March 31	2005	2004
Revenue		
Provincial plan - department's approved operating budget	\$ 50,272,087	\$ 50,322,340
MCP physician revenue	6,066,358	6,379,769
Resident revenue - long term care	2,553,650	2,762,999
Workers' Compensation recoveries - salaries	676,160	754,169
Department of Health and Community Services - direct payments	547,909	906,772
Dietary recoveries	243,133	252,055
Inpatient	232,420	148,027
Outpatient	191,134	240,945
Mortgage interest subsidy	112,296	112,296
Other	384,764	327,351
	<u>61,279,911</u>	<u>62,206,723</u>
Expenditure		
Nursing inpatient services	23,610,220	24,197,019
Support services	13,893,657	15,157,373
Diagnostic and therapeutic services	7,035,489	7,273,407
Medical services	6,945,731	7,218,854
Administration	5,648,560	5,621,918
Ambulatory care services	3,869,709	3,575,457
Education	161,975	160,347
Undistributed	2,309	1,892
	<u>61,167,650</u>	<u>63,206,267</u>
Surplus (deficit) prior to non-shareable items	<u>112,261</u>	<u>(999,544)</u>
Non-shareable items		
Amortization of deferred capital equipment grants	723,363	749,748
Depreciation	(1,190,659)	(1,217,611)
Accrued vacation expense - decrease (increase)	186,102	(290,017)
Accrued severance expense - increase	(153,119)	(484,712)
	<u>(434,313)</u>	<u>(1,242,592)</u>
Deficit on operations	<u>\$ (322,052)</u>	<u>\$ (2,242,136)</u>

See accompanying notes to the financial statements.

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Avalon Health Care Institutions Board
Operating Fund
Statement of Changes in Deficiency

<u>Year Ended March 31</u>	<u>2005</u>	<u>2004</u>
Balance, beginning of year	<u>\$(20,021,273)</u>	<u>\$(17,779,137)</u>
Deficit on operations	<u>(322,052)</u>	<u>(2,242,136)</u>
Balance, end of year	<u>\$(20,343,325)</u>	<u>\$(20,021,273)</u>

See accompanying notes to the financial statements.

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March 31

2005

2004

Assets

Current

Current		
Receivables (Note 3)	\$ 1,541,851	\$ 2,965,301
Inventories (Note 4)	1,692,947	1,622,198
Due from Board Fund	912,924	719,394
Prepays	<u>615,252</u>	<u>638,831</u>
	4,762,974	5,945,724
Capital assets (Note 5)	16,955,948	17,731,326
Restricted use funds (Note 6)	<u>353,451</u>	<u>317,865</u>
	\$ 22,072,373	\$ 23,994,915

Liabilities

Current

Bank indebtedness (Note 7)	\$ 10,918,197	\$ 12,441,239
Payables and accruals	3,314,344	2,909,936
Accrued vacation pay	2,782,957	2,969,058
Deferred contributions - operating	607,965	14,454
Deferred contributions - capital	-	302,592
Current portion of accrued severance pay	340,039	344,520
Current portion of loans and mortgages payable	374,664	379,637
Current portion of obligations under capital lease	<u>54,587</u>	<u>80,800</u>
	18,392,753	19,442,236
Restricted use funds (Note 6)	353,451	317,865
Accrued severance pay	7,334,524	7,176,926
Loans and mortgages payable (Note 8)	6,203,886	6,578,930
Obligations under capital lease (Note 9)	<u>62,793</u>	<u>109,938</u>
	32,347,407	33,625,895
Deferred contributions - unamortized portion of capital grants (Note 10)	<u>10,068,291</u>	<u>10,390,293</u>
	42,415,698	44,016,188
Net Assets (Deficiency)		
Net assets invested in capital assets	191,727	191,727
Deficiency (Note 11)	<u>(20,535,052)</u>	<u>(20,213,000)</u>
	<u>(20,343,325)</u>	<u>(20,021,273)</u>
	\$ 22,072,373	\$ 23,994,915

Contingencies (Note 13)

On behalf of the Board

G. Nash Member W. H. Mayhew Member
See accompanying notes to the financial statements.

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Avalon Health Care Institutions Board
Operating Fund
Statement of Cash Flows

Year Ended March 31	2005	2004
Increase (decrease) in cash and cash equivalents		
Operating		
Deficit on operations	\$ (322,052)	\$(2,242,136)
Depreciation	1,190,659	1,217,611
Amortization of deferred capital equipment grants	(723,363)	(749,748)
	<u>145,244</u>	<u>(1,774,273)</u>
Change in non-cash operating working capital (Note 12)	<u>1,845,094</u>	<u>(2,183,337)</u>
	<u>1,990,338</u>	<u>(3,957,610)</u>
Financing		
Capital grants - Province of Newfoundland and Labrador	305,766	1,518,641
Capital grants - other organizations	95,595	173,649
Approved borrowing - short term financing	-	21,573
Approved borrowing - capital leasing	13,920	95,153
Repayment of loans and mortgages payable	(380,018)	(370,844)
Repayment of obligations under capital lease	(87,278)	(97,019)
	<u>(52,015)</u>	<u>1,341,153</u>
Investing		
Purchase of capital assets	<u>(415,281)</u>	<u>(1,809,016)</u>
Net increase (decrease) in cash and cash equivalents	<u>1,523,042</u>	<u>(4,425,473)</u>
Cash and cash equivalents		
Beginning of year	<u>(12,441,239)</u>	<u>(8,015,766)</u>
End of year	<u>\$(10,918,197)</u>	<u>\$(12,441,239)</u>

See accompanying notes to the financial statements.

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Avalon Health Care Institutions Board

Operating Fund

Notes to the Financial Statements

March 31, 2005

1. Nature of operations

The Avalon Health Care Institutions Board assumed the assets and liabilities of the Trinity-Conception Regional Health Board, the Placentia and Area Health Care Board, the Conception Trinity Inter-Faith Citizens' Foundation, and the Medical Clinics Association effective April 1, 1995.

These financial statements reflect on a combined basis, the assets, liabilities, net assets, revenues and expenditures of the predecessor entities.

2. Summary of significant accounting policies

The accounting policies of the Board are in accordance with Canadian generally accepted accounting policies. Outlined below are those policies considered significant to the Board.

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

Revenue on operating assets

Revenue earned on operating assets of the Board are reflected in the separate financial statements of the Board Fund.

Capital grants and donations

Government grants relating to the acquisition of capital assets are recorded as deferred contributions and amortized on the same basis as the related asset is depreciated.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Inventories

Inventory of drugs, medical and surgical supplies and other supplies are valued as follows:

- Drugs, at average cost
- Medical and surgical supplies, at average cost
- Other supplies, at cost

Capital assets

Capital assets are recorded at cost, with the exception of the buildings occupied as Carbonear General Hospital, the Harbour Lodge Nursing Home, and Dr. Wm. H. Newhook Community Health Centre which are not recorded as assets of the Board. Any capital improvements to these buildings are expensed in the accounts of the Board.

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Avalon Health Care Institutions Board Operating Fund

Notes to the Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd.)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Depreciation

Rates of depreciation applied on the declining balance method to write off the cost of capital assets over their estimated useful lives are as follows:

Land improvements	10%
Buildings	2.5%
Equipment	6.66%
Vehicles	20%

Depreciation is provided on property and equipment purchased from loans and capital leases at a rate equal to the annual principal reduction of the loans and capital leases.

Pension costs

Employees of the Board are covered by the Public Service Pension Plan and the Government Money Purchase Pension Plan administered by the Province of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to receive severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

3. Receivables	2005	2004
Provincial plan	\$ 860,040	\$ 2,142,961
Services to patients	282,475	312,427
Other	<u>399,336</u>	<u>509,913</u>
	<u>\$ 1,541,851</u>	<u>\$ 2,965,301</u>

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Avalon Health Care Institutions Board Operating Fund

Notes to the Financial Statements

March 31, 2005

4. Inventories	2005	2004
Drugs	\$ 621,452	\$ 624,217
Medical and surgical supplies	534,317	436,442
Linen supplies	179,500	181,517
Laboratory supplies	244,392	243,642
Radiology supplies	45,598	48,955
Food supplies	14,350	20,562
General supplies	53,338	66,863
	<u>\$ 1,692,947</u>	<u>\$ 1,622,198</u>

5. Capital assets		2005	2004
	Cost	Accumulated Depreciation	Net Book Value
Land and land improvements	\$ 196,036	\$ 3,884	\$ 192,152
Buildings	9,185,134	2,493,139	6,691,995
Residences	167,411	162,535	4,876
Equipment	20,479,963	10,552,585	9,927,378
Vehicles	475,185	335,638	139,547
	<u>\$ 30,503,729</u>	<u>\$ 13,547,781</u>	<u>\$ 16,955,948</u>
			<u>\$ 17,731,326</u>

6. Restricted use funds

The Chief Executive Officer of the Board, on a voluntary basis, administers certain personal funds held in trust for residents. These funds do not form part of the assets of the Board and accordingly a corresponding liability is recorded representing the amount of funds held by the nursing homes.

7. Bank indebtedness

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$13,500,000 (2004 - \$13,000,000) at March 31, 2005. The authorized overdraft is based on actual current account balances at March 31, 2005. At March 31, 2005, current account balances were in overdraft in the amount of \$10,144,035 (2004 - \$11,754,595).

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Avalon Health Care Institutions Board Operating Fund Notes to the Financial Statements

March 31, 2005

8. Loans and mortgages payable	2005	2004
Canadian Imperial Bank of Commerce's prime lending rate less 62.5 basis points borrowing to finance the construction of a new facility at Old Perican. Loan is repayable in monthly instalments of \$21,200 plus interest, matures in 2016 and is unsecured.	\$ 2,901,846	\$ 3,156,245
6.22% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$22,177 including interest. The mortgage matures in December 2020 and is secured by land and building.	2,681,465	2,779,941
10% Newfoundland and Labrador Housing Corporation mortgage, payable in monthly instalments of \$8,955 including interest. The mortgage matures in December 2028 and is secured by land and building.	990,363	1,000,457
6.75% Canadian Imperial Bank of Commerce mortgage, payable in weekly instalments of \$171 including interest. The mortgage matures in October 2005 and is secured by land and building.	4,876	13,182
8% Canadian Imperial Bank of Commerce demand loan, repaid during the year.	-	8,742
	6,578,550	6,958,567
Less: current portion	374,664	379,637
	<u>\$ 6,203,886</u>	<u>\$ 6,578,930</u>

Approximate annual principal repayments required in each of the next five years are as follows: 2006 - \$374,664; 2007 - \$377,528; 2008 - \$385,787; 2009 - \$394,617; and 2010 - \$404,059.

Canada Mortgage and Housing Corporation - Interest subsidy

The Board receives federal assistance from Canada Mortgage and Housing Corporation through Newfoundland and Labrador Housing Corporation pursuant to Section 56.1 of the National Housing Act (now administered by Newfoundland and Labrador Housing Corporation) to reduce mortgage interest on the Lions Manor mortgage, a 6.22% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$22,177 including interest. The amount of assistance received in 2005 was \$92,224 (2004 - \$92,224) which reduced interest on the mortgage to an effective rate of 2%.

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Avalon Health Care Institutions Board

Operating Fund

Notes to the Financial Statements

March 31, 2005

8. Loans and mortgages payable (cont'd.)

The Board receives federal assistance through the Canada Mortgage and Housing Corporation pursuant to Section 27 of the National Housing Act. The purpose of the assistance is to reduce mortgage interest on the Inter Faith Citizens Home mortgage, a 10% Newfoundland and Labrador Housing Corporation mortgage payable in monthly instalments of \$8,955 including interest, to 8% in order to provide housing to low income individuals. The amount of assistance received in 2005 was \$20,072 (2004 - \$20,072).

9. Obligations under capital leases	2005	2004
7.51% Royal Bank of Canada lease, repayable in monthly instalments of \$2,008, maturing in 2009.	\$ 73,103	\$ 92,513
6.49% Royal Bank of Canada lease, repayable in monthly instalments of \$426, maturing in 2007.	10,317	-
6.71% Royal Bank of Canada lease, repayable in monthly instalments of \$837, maturing in 2006.	7,705	16,403
6.48% Royal Bank of Canada lease, repayable in monthly instalments of \$528, maturing in 2006.	7,664	12,994
5.5% Royal Bank of Canada lease, repayable in monthly instalments of \$596, maturing in 2005.	3,893	10,283
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$576, maturing in 2005.	4,925	11,491
2.9% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$583, maturing in 2005.	4,925	11,327
0% GMAC Financial Services of Canada Ltd. lease, repayable in monthly instalments of \$576, maturing in 2005.	4,848	11,313
7.68% Royal Bank of Canada lease, repaid during the year.	-	21,834
7.71% Royal Bank of Canada lease, repaid during the year.	-	2,580
	117,380	190,738
Less: current portion	54,587	80,800
	\$ 62,793	\$ 109,938

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Avalon Health Care Institutions Board
Operating Fund
Notes to the Financial Statements
 March 31, 2005

9. Obligations under capital lease (cont'd.)

The capital leases are secured by specific equipment.

The payments required during the next four years are as follows:

2006	-	\$ 61,022
2007	-	29,940
2008	-	23,675
2009	-	<u>15,215</u>
		129,852
Less: amount representing interest		<u>12,472</u>
		<u>\$ 117,380</u>

10. Deferred contributions

Capital grants received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$10,390,293	\$ 9,447,751
Capital grants	401,361	1,692,290
Amortization for the year	<u>(723,363)</u>	<u>(749,748)</u>
Balance, end of year	<u>\$10,068,291</u>	<u>\$ 10,390,293</u>

11. Deficiency

	<u>2005</u>	<u>2004</u>
Accumulated operating deficit	\$(10,077,532)	\$ (9,722,496)
Accrued severance pay	(7,674,563)	(7,521,446)
Accrued vacation pay	<u>(2,782,957)</u>	<u>(2,969,058)</u>
	<u>\$(20,535,052)</u>	<u>\$(20,213,000)</u>

Avalon Health Care Institutions Board

Operating Fund

Notes to the Financial Statements

March 31, 2005

12. Supplemental cash flow information	2005	2004
Change in non-cash operating working capital		
Receivables	\$ 1,423,450	\$ (1,487,001)
Inventories	(70,749)	(163,956)
Due from Board Fund	(193,530)	(175,022)
Prepays	23,579	(126,509)
Payables and accruals	404,408	(989,649)
Accrued vacation pay	(186,102)	290,017
Accrued severance pay	153,119	484,712
Deferred contributions - operating	593,511	(176,513)
Deferred contributions - capital	(302,592)	160,584
	<u>\$ 1,845,094</u>	<u>\$ (2,183,337)</u>
Cash and cash equivalents consist of:		
Cash on hand	\$ 11,675	\$ 11,675
Balances with banks (net of overdrafts)	(10,929,872)	(12,452,914)
	<u>\$(10,918,197)</u>	<u>\$(12,441,239)</u>
Interest paid	<u>\$ 378,256</u>	<u>\$ 413,294</u>

13. Contingencies

- The amounts receivable from the Province of Newfoundland and Labrador under the insured services plan are subject to final approval and acceptance from the Financial Services Division of the Department of Health and Community Services.
- As of March 31, 2005 there were a number of claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

14. Financial instruments

The Board's primary financial instruments recognized in the statement of financial position consist of accounts receivable, current liabilities, accrued severance pay, loans and mortgages payable and obligations under capital lease. The carrying value of the primary financial instruments of the Board approximate fair value due to normal trade credit terms and conditions of those instruments.

15. Subsequent event

Effective April 1, 2005 the Board's operations were incorporated under the authority of the Eastern Regional Integrated Health Authority.

Grant Thornton

AVALON WEST SCHOOL BOARD

FINANCIAL STATEMENTS

August 31, 2004





BYRON D. SMITH, B. Comm., C.F.E., C.A.

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AUDITOR'S REPORT

To the Board Members of:
Avalon West School Board

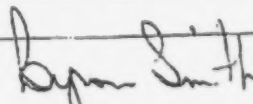
I have audited the balance sheet of the current and capital funds of the Avalon West School Board as at August 31, 2004 and the related statements of current revenues, expenditures and Board deficiency, cash flows and changes in capital fund for the period then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

The accounting policy with respect to the Board's capital assets is described in Note 1. Canadian generally accepted accounting principles require that not for profit organizations record all capital assets at cost and amortize them over their estimated useful lives. No amount has been provided for amortization. In this respect, these financial statements are not in accordance with Canadian generally accepted accounting principles. If the Board's capital assets were recorded in accordance with Canadian generally accepted accounting principles, changes to the amounts reported for capital assets, investment in capital assets, expenditures and excess of expenditures over revenue would be necessary.

In my opinion, except for the effects of the failure to record depreciation as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004 and the results of its operations and changes in its capital financial position for the period then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Spaniard's Bay, Newfoundland
October 20, 2004


Chartered Accountant

Avalon West School Board
Balance Sheet
As At

August 31
2004

June 30
2003

Assets

Current

Cash (Supp. Info. 1)	\$ 387,270	\$ 373,231
Short Term Investments (Supp. Info. 2)	74,608	63,279
Accounts Receivable (Note 3)	1,000,530	878,013
Teachers' Summer Pay (Note 2)		6,215,863
Prepaid Expenses (Supp. Info. 3)	<u>136,044</u>	<u>199,169</u>
	1,598,452	7,729,555

Property Plant and Equipment (Schedule 7)	<u>92,149,887</u>	<u>91,149,180</u>
	<u>\$ 93,748,339</u>	<u>\$ 98,878,735</u>

Liabilities

Current

Accounts Payable and Accrued Liabilities (Note 5)	\$ 1,717,299	\$ 1,587,454
Teachers' Summer Pay (Note 2)		6,215,863
Current Maturities (Schedule 8B)	<u>138,226</u>	<u>153,750</u>
	1,855,525	7,957,067

Long Term Debt (Schedule 8)	1,051,972	1,221,734
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Teachers' Severance Pay Benefits (Note 2)	11,027,334	11,126,455
Other Employee Severance Pay Accrual	<u>929,035</u>	<u>802,730</u>

	<u>11,956,369</u>	<u>11,929,185</u>
	<u>14,863,866</u>	<u>21,107,986</u>

Board Equity

Investment in Capital Assets (Note 7)	90,959,688	89,773,696
Reserve Account (Note 6)	110,202	109,024
Board Deficiency	<u>(12,185,417)</u>	<u>(12,111,971)</u>
	<u>78,884,473</u>	<u>77,770,749</u>

	<u>\$ 93,748,339</u>	<u>\$ 98,878,735</u>
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On Behalf of the Board:

James Dean Director Brendan White Director

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board Statement of Current Revenue, Expenditures and Board Deficiency		Year Ended June 30,
For the Fourteen Months Ended August 31,	2004	2003
Current Revenue (Schedule 1)		
Provincial Government Grants	\$ 74,324,674	\$ 64,448,584
Miscellaneous	<u>1,177,043</u>	<u>1,015,692</u>
	<u>75,501,717</u>	<u>65,464,276</u>
Current Expenditures		
Administration (Schedule 2)	1,787,141	1,337,202
Instruction (Schedule 3)	63,140,295	54,454,705
Operations and Maintenance (Schedule 4)	5,748,154	5,289,889
Pupil Transportation (Schedule 5)	4,601,803	4,015,206
Ancillary Services (Schedule 6)	4,995	4,767
Interest Expense (Schedule 8C)	<u>106,367</u>	<u>97,664</u>
	<u>75,385,755</u>	<u>65,199,433</u>
Excess of revenue over expenditures before undernoted items	112,962	264,843
Transfer to capital	<u>186,408</u>	<u>1,122,444</u>
Excess of expenditures over revenue	\$ <u>(73,446)</u>	\$ <u>(857,601)</u>
Board Deficiency, beginning of the period	\$ (12,111,971)	\$ (11,254,370)
Excess of revenue over expenditures (expenditures over revenue)	<u>(73,446)</u>	<u>(857,601)</u>
Board Deficiency, end of the period	\$ <u>(12,185,417)</u>	\$ <u>(12,111,971)</u>

See accompanying notes to financial statements.



Avalon West School Board
Statement of Changes in Capital Fund

For the Fourteen Months Ended August 31,

2004

Year Ended
June 30,
2003

70 Capital Receipts

71 Proceeds from Bank Loans

011 School Construction
012 Equipment
013 Service Vehicles
014 Pupil Transportation
015 Other

\$ 144,126

144,126

72 DEC Grants

011 School Construction and Equipment
012 Other

\$ 999,584

2,000,553

999,584

2,000,553

73 Donations

011 Cash Receipts
012 Non-Cash Receipts
013 Restricted Use

74 Sale of Capital Assets - Proceeds

011 Land & 012 Buildings
013 Equipment
014 Service Vehicles
015 Pupil Transportation Vehicles
016 Other

9,500

9,500

75 Other Capital Revenues

012 Premiums on Debentures
013 Recoveries of Expenditures
015 Insurance Proceeds
016 Native Peoples Grants
017 Miscellaneous

78 Transfer to/from Current Fund

186,408

1,122,444

\$ 1,185,992

\$ 3,278,623

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Statement of Changes in Capital Fund (Cont'd)

For the Fourteen Months Ended August 31,

2004

Year Ended
June 30,
2003

80 Capital Disbursements

81 Additions to Property & Equipment

011 Land and Sites		\$ 50,794
012 Buildings	\$ 982,809	2,642,943
013 Furniture & Equipment - School		323,476
014 Furniture & Equipment - Other	13,972	1,000
015 Service Vehicles	3,926	95,375
016 Pupil Transportation		
017 Other		
	<u>1,000,707</u>	<u>3,113,588</u>

82 Principal Repayment of Long Term Debt

011 School Construction		
012 Equipment	185,285	163,035
013 Service Vehicles		
014 Other		
	<u>185,285</u>	<u>163,035</u>

83 Miscellaneous Disbursements

013 Other		
-----------	--	--

Total Capital Disbursements

\$ 1,185,992 \$ 3,276,623

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Notes to the Financial Statements
(Unaudited - See Notice to Reader)
For the Fourteen Months Ended August 31, 2004

The Avalon West School Board administers the school systems in the Avalon West region. It is a public service body fully funded by the Provincial Department of Education. It is exempt from income taxes under section 149 of the Income Tax Act.

1. Significant Accounting Policies

Fund Accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital fund.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting is as follows:

- i) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also, amounts paid to construction companies from the EIC on behalf of the Board for capital projects are treated as capital revenues.
- ii) Capital accounts disclose the original cost of providing a fully equipped operating property. Subsequent additions are only capitalized if they represent items of a major nature. Replacement items such as furniture and equipment are items of expense.
- iii) The Board does not calculate or record depreciation on any of its fixed assets.
- iv) Principal repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.
- v) In accordance with a directive issued by the Department of Education, the annual excess of expenditures over revenue or revenue over expenditures in the capital fund, is to be recovered/transferred, from/to the operating fund.
- vi) The preparation of the Board's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue

The Board's main source of funding is derived from the Government of Newfoundland Department of Education. The Department provides funding for operations, transportation, capital expenditures and teacher salaries and severance pay. Funding designated for specific purposes is deferred and included in revenue when the related expenditures have been incurred.

Teachers' Payroll

The Government of Newfoundland processes the teachers' payroll and remits the source deductions directly to the appropriate agency. The amounts recorded in the financial statements represent gross salaries for the period.

Avalon West School Board
Notes to the Financial Statements
(Unaudited - See Notice to Reader)
For the Fourteen Months Ended August 31, 2004

Student Assistants' Payroll

The Government of Newfoundland and Labrador processes the student assistants' payroll and remits the source deductions directly to the appropriate agency. The amounts recorded in the financial statements represent gross salaries for the period.

Pension Costs

All permanent employees of the Board are covered by the Public Service Pension Plan administered by the Province of Newfoundland. Contributions to the plan are required from both the employee and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

2. Teachers' Liability

a.) Severance

Pursuant to a directive issued by the Department of Education during fiscal 1998, the Board recorded severance pay for teachers in the Board. The Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. The Department of Education has issued a directive that no receivable shall be recorded by the School Board. The Board received written approval from the Minister of Education for the deficit arising from the Department's requirement to accrue the teachers' severance.

The net change in the liability for the fourteen months ended August 31, 2004 is as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning of the period	\$ 11,126,455	\$ 10,574,598
Net (decrease), increase for the period	<u>(99,121)</u>	<u>551,857</u>
Balance, end of the period	\$ <u>11,027,334</u>	\$ <u>11,126,455</u>

b.) Summer Pay

Pursuant to a directive issued by the Department of Education during the current fiscal year, the Board recorded summer pay liability for teachers. The Department of Education has issued a directive that no receivable shall be recorded by the School Board, although the Schools Act specifies that salaries and other compensation for teachers are the responsibility of the Department. Accordingly, teachers summer pay has been recorded as a receivable as at June 30, 2003. The comparative financial statements have been restated to reflect this receivable. The balance of the summer pay liability for the period ended August 31, 2004 is as follows:

	<u>14 months</u> <u>2004</u>	<u>Year</u> <u>2003</u>
Balance, end of year.	\$ <u>NIL</u>	\$ <u>6,215,863</u>

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Notes to the Financial Statements
(Unaudited - See Notice to Reader)
For the Fourteen Months Ended August 31, 2004

3. Accounts Receivable

Current	2004	2003
11 131 Provincial Government	\$ 529,680	\$ 494,767
132 Transportation	135,746	63,199
133 Federal Government	70,286	75,058
136 Other School Boards		
137 Rent		
138 Interest	133	3,042
139 Travel Advances and Misc.	21,556	38,165
140 Goods and Service Tax Rebate	243,129	203,782
Capital		
11 231 Provincial Govt -Construction Grants		
233 Local Contributions		
234 Other School Boards		
235 Other - Note 10		
	<u>\$ 1,000,530</u>	<u>\$ 878,013</u>

4. Bank Indebtedness

	2004	2003
21 131 On Operating Credit	\$	\$
132 On Capital Account		
	<u>\$</u>	<u>\$</u>

5. Accounts Payable and Accrued Liabilities

Current	2004	2003
21 111 Trade Payable	\$ 1,141,527	\$ 1,023,666
Accrued		
114 Wages	158,902	146,075
115 Payroll Deductions	8,158	35,763
118 Other - Scholarship Trust Funds	93,139	85,089
Capital		
Accrued		
212 Liabilities	5,000	5,000
213 Interest		
217 Deferred Grants	310,575	291,861
218 Other		
	<u>\$ 1,717,299</u>	<u>\$ 1,587,454</u>

Avalon West School Board
Notes to the Financial Statements
(Unaudited - See Notice to Reader)
For the Fourteen Months Ended August 31, 2004

6. Reserve Account

	2004	2003
Balance, Beginning of Period	\$ 109,024	\$ 66,526
Less Transfer from Reserve		
	109,024	66,526
Add Transfer to Reserve	1,178	42,498
Balance, End of Period	\$ 110,202	\$ 109,024

7. Investment in Capital Assets

	2004	2003
Investment in Capital Assets, Beginning of the year	\$ 89,773,696	\$ 86,758,316
Add:		
Transfer of Operating Funds to Capital Fund	186,408	1,122,444
Grants - Contributions for Capital Const.	999,584	2,000,583
Proceeds from Sale of Capital Assets		9,500
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous		
School contributions		
	90,959,688	89,890,843
Deduct Adjustments:		
Cost of assets disposed		117,147
Other		
Government of Newfoundland and Labrador adjustments		
Adjustment to carrying value of certain fixed assets		
		117,147
23 221 Investment in Capital Assets, End of the year	\$ 90,959,688	\$ 89,773,696

Avalon West School Board
Notes to the Financial Statements
(Unaudited - See Notice to Reader)
For the Fourteen Months Ended August 31, 2004

8. Lease Commitments

The Board is committed under the terms of various operating leases to make payments in the next five years approximately as follows:

2005	\$	138,226
2006	\$	173,456
2007	\$	146,606
2008	\$	731,910

9. Insurance Subsidy

The cost of insuring school properties is borne by the Provincial Government and no amount has been recorded in these accounts to reflect this cost.

10. Economic Dependence

The organization is dependant solely on the Provincial Department of Education for operating funds.

11. Bank Indebtedness

The School Board has a two million dollar overdraft limit. The Government of Newfoundland and Labrador provided a Board of Trustees authorization and written permission to borrow from the Bank of Montreal.

12 Discontinued Operations

The Avalon West School Board discontinued operations as at August 31, 2004. Operations of the school district has been assumed by a new regional school board, Eastern School District.

Avalon West School Board
Schedule 1

Current Revenues

For the Fourteen Months Ended August 31,

2004

Year Ended
June 30,
2003

Current Revenues

32 010 Provincial Government Grants

011 Regular Operating Grants	\$ 9,730,700	\$ 8,464,598
016 Special Grants	(100,350)	862,484
Salaries and Benefits		
017 Superintendent and Asst. Supts.	645,473	338,684
021 Regular Teachers	55,962,505	47,217,149
022 Substitute Teachers	2,173,580	2,187,825
023 Student Assistants	1,298,650	1,364,635
031 Board Owned		
032 Contracted	4,185,272	3,537,057
033 Handcapped	<u>428,844</u>	<u>476,172</u>

74,324,674 64,448,584

33 010 Donations

012 Cash Receipts		
013 Non Cash Receipts		
014 Restricted Use		

34 010 Ancillary Services

011 Revenues from Rental of Residences		
021 Revenues from Rental of Schools and Facilities (Net)		
031 Cafeterias		
032 Other		

35 010 Miscellaneous

011 Interest on Investments	14,915	21,462
012 Bus Charters		
021 Recoveries of Expenditures	131,625	153,584
031 Revenues from Other School Boards		
051 Insurance Proceeds	4,675	4,757
071 Operating Rev. from Native Peoples Grant		
081 Miscellaneous Federal Grants:		
- Special Projects	378,728	275,480
082 Education Foundation		
083 Summer School		
085 Computers for Schools		
091 Textbooks	303,610	160,702
092 Sundry	343,490	117,614
Teachers Summer Pay		<u>282,093</u>
	<u>1,177,043</u>	<u>1,015,692</u>

Total Current Revenues

\$ 75,501,717 \$ 65,464,276

See accompanying notes to financial statements.

**BYRON
SMITH**
CPA SENIOR ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board Schedule 2 Administration Expenditures For the Fourteen Months Ended August 31,		Year Ended June 30,	
	2004	2003	
51 Salaries and Benefits			
011 Superintendents and Assistant Superintendents	\$ 597,054	\$ 300,391	
012 Board Office Personnel	803,078	584,696	
013 Office Supplies	13,100	39,680	
014 Replacement Furniture and Equipment	3,346		
015 Postage			
016 Telephone	51,450	51,974	
017 Office Equipment Rentals and Repairs		365	
018 Bank Charges			
019 Electricity	40,417	39,154	
021 Fuel	1,085	3,159	
022 Insurance		1,363	
023 Repairs and Maintenance (Office Building)	4,661	6,665	
024 Travel	100,486	117,701	
025 Board Meeting Expenses	44,475	26,269	
026 Election Expenses			
027 Professional Fees	35,015	56,302	
028 Advertising	6,526	33,910	
029 Membership Dues	74,584	56,289	
031 Municipal Service Fees	182	3,483	
032 Rental of Office Space			
033 Relocation Expenses			
034 Miscellaneous	(96)	4,525	
035 Payroll Tax	11,778	11,276	
Total Administration Expenditures	\$ 1,787,141	\$ 1,337,202	

See accompanying notes to financial statements.



Avalon West School Board
Schedule 3

Instruction Expenditures

For the Fourteen Months Ended August 31,

2004

Year Ended
June 30,
2003

52 10 Instructional Salaries (Gross)

Teachers' Salaries

11 Regular	\$ 46,444,805	\$ 39,537,759
12 Substitute	1,806,237	1,823,949
13 Board Paid	264,959	87,723
Summer School	34,958	34,863
Student Assistants	1,078,245	1,134,538
Teachers' Severance		551,857
15 Employee Benefits	9,112,390	7,767,372
IT Salaries and Benefits	288,354	193,759
16 School Secretaries - Salaries & Benefits	1,077,765	937,153
17 Payroll Tax	1,015,678	861,834
18 Other - Co-operative Education	255,773	177,012

61,379,164 53,107,819

52 40 Instructional Materials

41 General Supplies	41,799	6,676
42 Library Resource Materials	7,103	9,298
43 Teaching Aids	845,797	749,147
44 Textbooks	317,199	165,975
45 Other - Special and Regional Services		

1,211,898 931,096

52 60 Instructional Furniture and Equipment

61 Replacement	170,872	173,569
62 Rentals and Repairs	5,228	
	<u>176,100</u>	<u>173,569</u>

52 80 Instructional Staff Travel

80 IT Travel	21,615	21,242
81 Program Co-ordinators	123,643	66,482
82 Teachers' Travel	8,519	16,175
83 Inservice and Conferences	160,400	138,314
	<u>314,177</u>	<u>242,213</u>

52 90 Other Instructional Costs

91 Postage and Stationary	58,956	.8
---------------------------	--------	----

Total Instruction Expenditures \$ 63,140,295 \$ 54,454,705

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Schedule 4
Operations and Maintenance Expenditures - Schools
For the Fourteen Months Ended August 31,

Year Ended
June 30,
2003

2004

53

012 Salaries and Benefits	\$ 2,916,067	\$ 2,330,911
013 Payroll Tax	42,426	46,271
014 Electricity	1,232,378	1,272,886
015 Fuel	108,082	129,718
016 Municipal Service Fee	269,430	175,030
017 Telephone	330,325	314,455
018 Vehicle Operating and Travel	53,492	41,608
019 Janitorial Supplies	143,390	128,208
021 Janitorial Equipment	21,872	21,534
022 Repairs and Maintenance - Buildings	456,608	588,543
023 Equipment	2,988	
025 Snow Clearing	166,757	219,984
026 Rentals		15,222
027 Other (Miscellaneous)	4,339	5,519
Total Operations and Maintenance	\$ 5,748,154	\$ 5,289,889

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Schedule 1
Current Revenues
For the Fourteen Months Ended August 31,
2004
Year Ended
June 30,
2003
Current Revenues
32 010 Provincial Government Grants

011 Regular Operating Grants

\$ 9,730,700

\$ 8,464,598

016 Special Grants

(100,350)

862,484

Salaries and Benefits

017 Superintendent and Asst. Supts.

645,473

338,664

021 Regular Teachers

55,962,505

47,217,149

022 Substitute Teachers

2,173,580

2,187,825

023 Student Assistants

1,298,650

1,364,635

031 Board Owned

4,185,272

3,537,057

032 Contracted

428,844

476,172

033 Handicapped

74,324,674
64,448,584
33 010 Donations

012 Cash Receipts

013 Non Cash Receipts

014 Restricted Use

34 010 Ancillary Services

011 Revenues from Rental of Residences

021 Revenues from Rental of Schools and Facilities (Net)

031 Cafeterias

032 Other

35 010 Miscellaneous

011 Interest on Investments

14,915

21,482

012 Bus Charters

021 Recoveries of Expenditures

131,625

153,584

031 Revenues from Other School Boards

051 Insurance Proceeds

4,675

4,757

071 Operating Rev. from Native Peoples Grant

081 Miscellaneous Federal Grants:

- Special Projects

376,728

275,480

082 Education Foundation

083 Summer School

085 Computers for Schools

091 Textbooks

092 Sundry

Teachers Summer Pay

303,610

160,702

343,490

117,614

282,093

1,177,043
1,015,692
Total Current Revenues
\$ 75,501,717
\$ 65,464,276

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board Schedule 2 Administration Expenditures For the Fourteen Months Ended August 31,		2004	Year Ended June 30, 2003
51 Salaries and Benefits			
011 Superintendents and Assistant Superintendents	\$	597,054	\$ 300,391
012 Board Office Personnel		803,078	584,696
013 Office Supplies		13,100	39,680
014 Replacement Furniture and Equipment		3,346	
015 Postage			
016 Telephone		51,450	51,974
017 Office Equipment Rentals and Repairs			365
018 Bank Charges			
019 Electricity		40,417	39,154
021 Fuel		1,085	3,159
022 Insurance			1,363
023 Repairs and Maintenance (Office Building)		4,661	6,665
024 Travel		100,486	117,701
025 Board Meeting Expenses		44,475	26,269
026 Election Expenses			
027 Professional Fees		35,015	56,302
028 Advertising		6,526	33,910
029 Membership Dues		74,584	56,289
031 Municipal Service Fees		182	3,483
032 Rental of Office Space			
033 Relocation Expenses			
034 Miscellaneous		(96)	4,525
035 Payroll Tax		11,778	11,276
Total Administration Expenditures	\$	1,787,141	\$ 1,337,202

See accompanying notes to financial statements.

Avalon West School Board
Schedule 3

Instruction Expenditures

For the Fourteen Months Ended August 31,

Year Ended
June 30,
2003

2004

52 10 Instructional Salaries (Gross)

Teachers' Salaries

11 Regular	\$ 46,444,805	\$ 39,537,759
12 Substitute	1,806,237	1,823,949
13 Board Paid	264,959	87,723
Summer School	34,858	34,863
Student Assistants	1,078,245	1,134,538

Teachers' Severance

15 Employee Benefits	9,112,390	7,767,372
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IT Salaries and Benefits

16 School Secretaries - Salaries & Benefits	288,354	193,759
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17 Payroll Tax	1,077,765	937,153
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18 Other - Co-operative Education	1,015,678	861,834
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255,773 177,012

61,379,184 53,107,819

52 40 Instructional Materials

41 General Supplies	41,799	6,676
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42 Library Resource Materials	7,103	9,298
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43 Teaching Aids	845,797	749,147
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44 Textbooks	317,199	165,975
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45 Other - Special and Regional Services		
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1,211,898 931,096

52 60 Instructional Furniture and Equipment

61 Replacement	170,872	173,569
----------------	---------	---------

62 Rentals and Repairs	<u>5,225</u>	
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176,100 173,569

52 80 Instructional Staff Travel

80 IT Travel	21,615	21,242
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81 Program Co-ordinators	123,643	66,482
--------------------------	---------	--------

82 Teachers' Travel	8,519	16,175
---------------------	-------	--------

83 Inservice and Conferences	<u>160,400</u>	<u>138,314</u>
------------------------------	----------------	----------------

314,177 242,213

52 90 Other Instructional Costs

91 Postage and Stationary	<u>58,956</u>	<u>8</u>
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\$ 63,140,295 \$ 54,454,705

Total Instruction Expenditures

See accompanying notes to financial statements.



Avalon West School Board
Schedule 4
Operations and Maintenance Expenditures - Schools
For the Fourteen Months Ended August 31,

Year Ended
June 30,
2003

2004

53

012 Salaries and Benefits	\$ 2,916,067	\$ 2,330,911
013 Payroll Tax	42,426	46,271
014 Electricity	1,232,378	1,272,886
015 Fuel	108,062	129,718
016 Municipal Service Fee	269,430	175,030
017 Telephone	330,325	314,455
018 Vehicle Operating and Travel	53,492	41,608
019 Janitorial Supplies	143,390	128,208
021 Janitorial Equipment	21,872	21,534
022 Repairs and Maintenance - Buildings	456,608	588,543
023 Equipment	2,988	
025 Snow Clearing	166,757	219,984
026 Rentals		15,222
027 Other (Miscellaneous)	<u>4,339</u>	<u>5,519</u>
Total Operations and Maintenance	\$ <u>5,748,154</u>	\$ <u>5,289,869</u>

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANTS
MANAGEMENT CONSULTANTS

Avalon West School Board Schedule 5 Pupil Transportation Expenditures For the Fourteen Months Ended August 31,		Year Ended June 30, 2003	
	2004		
54 010 Operation and Maintenance of Board Owned Fleet			
Salaries and Benefits		\$	27,521
011 Administration			
012 Drivers and Mechanics			
013 Payroll Tax			
014 Debt Repayment- Interest			
015 Principal			
016 Bank Charges			
017 Gas and Oil			
018 Licenses			
019 Insurance			
021 Repairs and Maintenance - Fleet			
022 Building			
023 Tires and Tubes			
024 Heat and Light			
025 Municipal Service			
026 Snow Clearing			
027 Office Supplies			
028 Rent			
029 Travel	\$	854	1,681
031 Professional Fees			
032 Miscellaneous			
033 Telephone			
034 Vehicle Leases			
		<u>854</u>	<u>29,202</u>
54 040 Contracted Services			
041 Regular Transportation		4,169,526	3,509,832
042 Handicapped		<u>431,423</u>	<u>476,172</u>
		<u>4,600,949</u>	<u>3,986,004</u>
Pupil Transportation Expenditures	\$	<u>4,601,803</u>	\$ <u>4,015,206</u>

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board		
Schedule 6		
Ancillary Services and Miscellaneous Expenses		Year Ended
For the Fourteen Months Ended August 31,	2004	June 30,
		2003

Ancillary Services

The Board owns and operates the following ancillary services:

55 Ancillary Services

011 Operation of Teachers' Residences

031 Cafeterias

032 Other - Vehicle Operating

\$ 4,995 \$ 4,767

\$ 4,995 \$ 4,767

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

57 011 Miscellaneous Expenses

\$ \$

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANTS
MANAGEMENT CONSULTANTS

Avalon West School Board
Schedule 7
Details of Property and Equipment
For the Fourteen Months Ended August 31,

	Balance June 30, 2003	Additions	Disposals	Accumulated Amortization	Balance August 31, 2004
12 210 Land and Sites					
211 Land and Sites	\$ 1,442,200	\$ _____	\$ _____	\$ _____	\$ 1,442,200
12 220 Buildings					
221 Schools	76,700,727	865,446			77,566,173
222 Administration	883,343	117,363			1,000,706
223 Residential					
224 Recreational					
225 Other					
	<u>77,584,070</u>	<u>982,809</u>			<u>78,566,879</u>
12 230 Furniture and Equip.					
231 Schools	10,480,187				10,480,187
232 Administration	1,547,348	13,972			1,561,320
233 Residential					
234 Recreation					
235 Other					
	<u>12,027,535</u>	<u>13,972</u>			<u>12,041,507</u>
12 240 Vehicles					
241 Service Vehicles	95,375	3,926			99,301
12 250 Pupil Transportation					
251 Land					
252 Building					
Vehicles					
253 Buses					
254 Service					
255 Equipment					
256 Other					
12 260 Misc. Capital Assets					
Other					
261 Energy retrofit					
Total Property and Equipment	<u>\$ 91,149,160</u>	<u>\$ 1,000,707</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ 92,149,887</u>

See accompanying notes to financial statements.



Avalon West School Board Schedule 8 Details of Long Term Debt For the Fourteen Months Ended August 31,	Year Ended June 30, 2003
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Ref. #			
211 Bank Loans			
Repayable \$ <u>16,814</u> monthly, maturing <u>July, 2007</u>	\$ 1,112,290	\$ 1,252,547	
Repayable \$ _____ monthly, maturing _____			
Repayable \$ _____ monthly, maturing _____			
Repayable \$ _____ monthly, maturing _____			
Repayable \$ _____ monthly, maturing _____			
Repayable \$ _____ monthly, maturing _____			
Total 211	<u>1,112,290</u>	<u>1,252,547</u>	
212 Mortgages			
Repayable \$ _____ monthly, maturing _____			
Repayable \$ _____ monthly, maturing _____			
Repayable \$ _____ monthly, maturing _____			
Repayable \$ _____ monthly, maturing _____			
Repayable \$ _____ monthly, maturing _____			
Repayable \$ _____ monthly, maturing _____			
Total 212			
213 Debentures			
Repayable \$ <u>5,288</u> monthly, maturing <u>December, 2003</u>			
Repayable \$ <u>3,967</u> monthly, maturing <u>November, 2005</u>	<u>77,908</u>	<u>122,937</u>	
Total 213	<u>77,908</u>	<u>122,937</u>	
Subtotal	1,190,198	1,375,484	
215 Less Current Maturities	<u>138,226</u>	<u>153,750</u>	
Total Loans Other Than Pupil Transportation	\$ <u>1,051,972</u>	\$ <u>1,221,734</u>	

The above bank loan represents financing for energy renovations made to various schools by Honeywell.

The above debenture represents capital lease obligations for 39 laptop computers made with IBM Canada, repayable at the rate of \$3,967 including HST, maturing December 2005.

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Schedule 8 (Cont'd)
Details of Long Term Debt
For the Year Ended August 31,

Year Ended
June 30,
2003

2004

22 220 Loans - Pupil Transportation
Ref. #

221 Vehicle Bank Loans

Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____

Total 221

222 Land, Buildings and Equipment Bank Loans

Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____
Repayable \$ _____ monthly, maturing _____

Total 222

223 Less Current Maturities

Total Loans - Pupil Transportation

Total Long Term Debt

\$ 1,051,972

\$ 1,221,734

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Schedule 8A
Summary of Long Term Debt
For the Fourteen Months Ended August 31,

Description	Rate	Balance Beginning of Period	Loans Obtained During Period	Principal Repayment for Period	Balance End of Period
A) School Construction	6.6%	\$ 1,252,547		\$ 140,257	\$ 1,112,290
B) Equipment		122,937		45,029	77,908
C) Service Vehicles					
D) Other					
E) Pupil					
Transportation					
Total Loans		\$ 1,375,484	\$	\$ 185,286	\$ 1,190,198

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Schedule 8B
Schedule of Current Maturities
For the Fourteen Months Ended August 31,

Description	Year 1	Year 2	Year 3	Year 4	Year 5
A) School Construction	\$ 107,276	\$ 136,994	\$ 146,606	\$ 731,910	\$
B) Equipment	30,950	36,462			
C) Service Vehicles					
D) Other					
E) Pupil					
Transportation					
Total Loans	\$ 138,226	\$ 173,456	\$ 146,606	\$ 731,910	\$

See accompanying notes to financial statements.



Avalon West School Board Schedule 8C Schedule of Interest Expense For the Fourteen Months Ended August 31,		2004	Year Ended June 30, 2003
56 010	Description		
012 Capital			
	School Construction		
	Equipment	\$ 7,625	\$ 5,503
	Service Vehicles		
	Other		
	Energy Management	95,139	88,808
	Total Capital	102,764	94,311
	Current		
	013 Operating Loans		
	014 Supplier Interest		
	Charges	3,603	3,353
	Total Current	3,603	3,353
	Total Interest Expense	\$ 106,367	\$ 97,664

See accompanying notes to financial statements.



**Avalon West School Board
Supplementary Information**

For the Fourteen Months Ended August 31, 2004 **Year Ended June 30, 2003**

1. Cash

Current

11 110 Cash on Hand and in Bank		
111 Cash on Hand	\$ 100	\$ 200
Bank		
112 Current	273,867	282,565
113 Savings		
114 Teachers' Payroll	27,721	28,058
115 Non Teachers' Payroll	451	(15,431)
116 Executive Payroll	(539)	(7,248)
117 Other - Funds	85,670	85,089
	<u>387,270</u>	<u>373,231</u>

Capital

11 210 Cash on Hand and in Bank		
211 Cash on Hand		
Bank		
212 Current		
213 Savings		
214 Other		
Total Cash on Hand and in Bank	\$ <u>387,270</u>	\$ <u>373,231</u>

2. Short Term Investments

Current

11 121 Term Deposits	\$ 74,608	\$ 63,279
122 Canada Savings Bonds		
123 Other		

Capital

11 221 Term Deposits	
222 Canada Savings Bonds	
223 Other	

Total Short Term Investments	\$ <u>74,608</u>	\$ <u>63,279</u>
------------------------------	------------------	------------------

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Avalon West School Board
Supplementary Information

For the Fourteen Months Ended August 31,

2004

Year Ended
June 30,
2003

3. Prepaid Expenses

Current

11 141 Insurance	\$ 5,129	\$ 6,077
142 Municipal Service Fees	53,744	81,026
143 Supplies		
144 Other		
Equipment Lease		
Workers' Compensation Commission	72,270	87,903
Garbage Collection		
Vehicle Insurance		
Other	4,901	24,163

Capital

11 241 Other		
	<u>\$ 136,044</u>	<u>\$ 199,169</u>

See accompanying notes to financial statements.

**BYRON
SMITH**
CHARTERED ACCOUNTANT
MANAGEMENT CONSULTANT

Baie Verte Central Connaigre School District #5

*Financial Statements
Auditor's Report*

August 31, 2004

Blair J. Jewer
Chartered Accountant

2A Bank Road
P.O. Box 471
Grand Falls-Windsor, NL
A2A 2J9
Tel: (709) 489 - 7755
Fax: (709) 489 - 8646

Auditor's Report

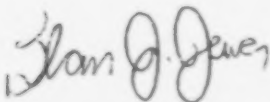
To The Members of the Board Baie Verte Central Connaigre School District #5

I have audited the balance sheet of the current and capital funds of The Baie Verte Central Connaigre School District #5 as at August 31, 2004, and the related statements of current revenues, expenditures and Board deficit, and statement of changes in capital fund position for the fourteen months then ended. These financial statements have been prepared with the financial statement presentation guidelines prescribed by the Department of Education of Newfoundland and Labrador. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004 and the results of its operations for the period then ended in accordance with the basis of accounting described in Note 1 of the financial statements.

These financial statements, which have not been and were not intended to be prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Board and the Department of Education of Newfoundland and Labrador. The financial statements are not intended to be and should not be used by anyone other than the above users or for any other purposes.



January 10, 2005

Baie Verte Central Connaigre School District #5

Balance Sheet

August 31, 2004

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
Assets		
Current Assets		
Cash (Supp. Info. 1)	\$ 40,369	\$ 40,133
Short Term Investments (Supp. Info. 2)	-	-
Accounts Receivable (Note 2)	471,839	425,566
Prepaid Expenses (Supp. Info. 3)	<u>84,318</u>	<u>122,305</u>
Total Current Assets	596,526	588,004
Restricted cash - scholarship contributions	336,435	271,728
Property and Equipment (Sch. 8)	<u>73,989,799</u>	<u>73,167,175</u>
	<u>\$ 74,922,760</u>	<u>\$ 74,026,907</u>
Liabilities and Board Equity		
Current Liabilities		
Bank Indebtedness (Note 3)	\$ 135,744	\$ 126,440
Accounts Payable and Accrued (Note 4)	914,864	6,516,170
Current Maturities (Schedule 9B)	<u>207,081</u>	<u>220,140</u>
Total Current Liabilities	<u>1,257,689</u>	<u>6,862,750</u>
Scholarship contributions	<u>338,889</u>	<u>273,981</u>
Long-Term Debt (Schedule 9)	<u>1,484,364</u>	<u>1,373,463</u>
Accrued Support Staff Severance	<u>1,137,754</u>	<u>965,817</u>
Accrued Teachers Severance	<u>9,570,339</u>	<u>9,823,055</u>
Board Equity		
Investment in Capital Assets (Note 6)	72,278,528	71,553,746
Reserve Account (Note 5)	5,227,672	-
Board Deficit	<u>(16,372,475)</u>	<u>(16,825,905)</u>
Total Board Equity	<u>61,133,725</u>	<u>54,727,841</u>
	<u>\$ 74,922,760</u>	<u>\$ 74,026,907</u>

See Accompanying Notes

Approved: _____

Chairman

Secretary

-59-

Blair J. Jewer

Chartered Accountant

Baie Verte Central Connaigre School District #5
Statement of Current Revenues, Expenditures and Board Deficit
For The Fourteen Months Ended August 31, 2004

	August 31 <u>2004</u>	June 30 <u>2003</u>
Current Revenue (Schedule 1)		
Provincial Government Grants	\$ 66,935,199	\$ 56,457,719
Donations	-	-
Ancillary Services	69,575	68,562
Miscellaneous	457,628	475,707
	<u>67,462,402</u>	<u>57,001,988</u>
Current Expenditures		
Administration (Schedule 2)	1,710,898	1,571,028
Instruction (Schedule 3)	49,482,157	47,510,813
Operations and Maintenance (Schedule 4)	6,241,671	5,449,541
Pupil Transportation (Schedule 5)	3,735,919	3,331,145
Ancillary Services (Schedule 6)	58,446	67,651
Interest Expense (Schedule 9C)	831	1,287
Miscellaneous Expense (Schedule 7)	-	-
	<u>61,229,922</u>	<u>57,931,465</u>
23 111 Excess of Revenue over Expenditures	6,232,480	(929,477)
Transfer (to) from Capital	(551,378)	(672,952)
Transfer to reserve	(5,227,672)	-
	<u>453,430</u>	<u>(1,602,429)</u>
Net Increase (Decrease) in Board Equity		
Prior period adjustments		
Pupil transportation deficit grant 2001 - 02	-	131,832
Summary pay liability - June 20, 2002	-	(5,146,393)
Board Deficit, Beginning of Year	(16,825,905)	(10,208,915)
	<u>\$ (16,372,475)</u>	<u>\$ (16,825,905)</u>
Board Deficit, End of Year		

See Accompanying Notes

Baie Verte Central Connaigre School District #5

Statement of Changes in Capital Fund

For The Fourteen Months Ended August 31, 2004

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
70 Capital Receipts		
71 Proceeds from Bank Loans		
011- School Construction	\$ -	\$ -
012- Equipment	-	-
013- Service Vehicles	-	34,581
014- Pupil Transportation	402,236	426,546
015- Other (Specify)	-	-
	<u>402,236</u>	<u>461,127</u>
72 Education Investment Corporation		
011- School Construction and /Equipment	-	17,357
012- Other (Specify) - Difference in 2002 receivable	-	(21,183)
	<u>-</u>	<u>(3,826)</u>
73 Donations		
011- Cash Receipts	-	-
012- Non-Cash Receipts	-	-
013- Restricted Use	-	-
	<u>-</u>	<u>-</u>
74 Sale of Capital Assets - Proceeds		
011- Land	-	-
012- Buildings	-	-
013- Equipment	-	-
014- Service Vehicles	-	-
015- Pupil Transportation Vehicles	1,298	925
016- Other (Specify)- Administration building	-	175,000
- Teachers residence	-	1,752
	<u>1,298</u>	<u>177,677</u>
75 Other Capital Revenues		
011- Interest on Capital Fund Investments	-	-
012- Premiums on Debentures	-	-
013- Recoveries of Expenditures		
015- Insurance Proceeds		
016- Native Peoples Grants	-	-
017- Miscellaneous - HRD Grant	-	-
Government of Newfoundland & Labrador Grant	-	-
- Pupil Transportation	-	-
- Debt Reduction	-	-
- Computers	-	-
	<u>-</u>	<u>-</u>
Total Capital Receipts	<u>403,534</u>	<u>634,978</u>
77 Transfer from (to) Reserve Account	<u>-</u>	<u>-</u>
	403,534	634,978
78 Transfer from Current Fund	551,378	672,952
Total	<u>\$ 954,912</u>	<u>\$ 1,307,930</u>

See Accompanying Notes

Blair J. Jewer

Chartered Accountant

Baie Verte Central Connaigre School District #5

Statement of Changes in Capital Fund (Cont'd)

For The Fourteen Months Ended August 31, 2004

	<i>August 31</i> <u><i>2004</i></u>	<i>June 30</i> <u><i>2003</i></u>
80 Capital Disbursements		
81 Additions to Property & Equipment		
011- Land and Sites	\$ -	\$ 51,042
012- Buildings	259,100	324,844
013- Furniture & Equipment - School	240,612	275,441
014- Furniture & Equipment - Other	12,447	7,662
015- Service Vehicles	-	32,969
016- Pupil Transportation	402,200	394,260
017- Other (Specify) - Pupil transportation service vehicle	-	30,686
- Administration building	-	164,272
	<u>914,359</u>	<u>1,281,176</u>
82 Principal Repayment of Long Term Debt		
011- School Construction	-	-
012- Equipment	-	-
013- Service Vehicles	40,553	26,754
014- Other - Residential, etc	-	-
	<u>40,553</u>	<u>26,754</u>
83 Miscellaneous Disbursements		
013- Other (Specify)	-	-
Total Capital Disbursements	<u>\$ 954,912</u>	<u>\$ 1,307,930</u>

See Accompanying Notes

Blair J. Jewer
Chartered Accountant

Baie Verte Central Connaigre School District #5
Notes To Financial Statements
For The Fourteen Months Ended August 31, 2004

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting is as follows:

- (a) Grants received by the Board are recorded in either the current or capital funds depending on their source.*
- (b) Capital asset additions are recorded at full cost in the capital fund.*
- (c) The Board does not calculate or record depreciation on any of its capital assets.*
- (d) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.*
- (e) The liability for severance pay of teachers and support staff is accrued in the accounts as the employee earns the right to such benefits in accordance with union agreements.*

Blair J. Jewer
Chartered Accountant

Baie Verte Central Connaigre School District #5

Notes To The Financial Statements

For The Fourteen Months Ended August 31, 2004

	August 31 2004	June 30 2003
2. Accounts Receivable		
Current		
11131 Provincial Government	\$ 123,412	\$ 35,664
132 Transportation	121,147	-
133 Federal Government	215,959	178,812
136 Other School Boards	-	-
137 Rent	-	-
138 Interest	-	-
139 Travel Advances and Misc.	11,321	211,090
Capital		
11231 Construction Grants	-	-
233 Local Contributions	-	-
234 Other School Boards	-	-
235 Other (Specify)	-	-
	<u>\$ 471,839</u>	<u>\$ 425,566</u>
3. Bank Indebtedness		
21131 On Operating Credit	\$ 135,744	\$ 126,440
132 On Capital Account	-	-
	<u>\$ 135,744</u>	<u>\$ 126,440</u>

Blair J. Jewer
Chartered Accountant

Baie Verte Central Connaigre School District #5

Notes To The Financial Statements

For The Fourteen Months Ended August 31, 2004

	<i>August 31</i>	<i>June 30</i>
	<u><i>2004</i></u>	<u><i>2003</i></u>
 4. Accounts Payable and Accrued		
<i>Current</i>		
21111 Trade Payable	\$ 467,817	\$ 325,524
112 Accrued - Liabilities	186,369	-
113 - Interest	-	-
114 - Wages	-	-
115 Payroll Deductions	60,121	63,643
116 Retail Sales Tax	-	-
117 Deferred Grants	25,820	61,460
118 Other (Specify)		
Accrued Teachers Summer Pay	-	5,499,370
Accrued Support Staff - Vacation Pay	174,737	163,937
 <i>Capital</i>		
21211 Trade Payable	-	-
212 Accrued - Liabilities	-	-
213 - Interest	-	-
217 Deferred Grants	-	-
218 Other (Specify) - Deferred transportation loan proceeds	-	402,236
	<u>\$ 914,864</u>	<u>\$ 6,516,170</u>

Baie Verte Central Connaigre School District #5

Notes To The Financial Statements

For The Fourteen Months Ended August 31, 2004

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
5. Reserve Account		
<i>Balance, Beginning of Year</i>	\$ -	\$ -
<i>Less: Transfer from Reserve</i>	-	-
<i>Add: Transfer to Reserve</i>	-	-
<i>Net transactions July and August 2004</i>	5,227,672	-
<i>Balance, End of Year</i>	\$ 5,227,672	\$ -

During the period of July and August, 2004 expenses incurred were not typical of a full calendar year's operations. Grants received from the Department of Education were two twelfths of the total annual allocation. Consequently revenues and expenses for the period July and August are not fairly matched. The net surplus for July and August, 2004 has been reserved. The reserve will be used to offset the anticipated June 30, 2005 deficit of the successor Nova Central School District.

Baie Verte Central Connaisse School District #5

Notes To The Financial Statements

For The Fourteen Months Ended August 31, 2004

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
6. Investment in Capital Assets,		
beginning of year	\$ 71,553,746	\$ 71,194,459
Add:		
Pupil transportation principal loan payments	263,850	180,994
Transfer of Operating Funds to Capital Fund	551,378	672,952
Donations - (Specify)		
Proceeds from Sale of Capital Assets		
- Land	-	-
- Buildings	-	-
- Equipment	-	-
- Vehicles	1,290	177,677
- Other	-	-
Interest on Capital Fund Investments		-
Recoveries of Expenditures		
Insurance Proceeds - Capital	-	-
Native Peoples Grants - Capital	-	-
Miscellaneous	-	-
Transfer from reserve	-	-
Education Investment Corporation Grant	-	(3,826)
	<u>72,370,264</u>	<u>72,222,256</u>
Deduct Adjustments:		
Transfer to reserve	-	-
Cost of assets sold - Land	-	-
- School buildings		
- Equipment	-	-
- Pupil transportation vehicles	91,736	285,151
- Other - Administration buildings	-	383,359
	<u>91,736</u>	<u>668,510</u>
Other - Transfer of Capital Funds to Operating Fund	-	-
23221 Investment in Capital Assets, end of year	\$ <u>72,278,528</u>	\$ <u>71,553,746</u>

Baie Verte Central Connaigre School District #5

Notes To The Financial Statements

For The Fourteen Months Ended August 31, 2004

7. Commitments:

At balance sheet date the District had the following commitments:

The District has entered into lease agreements for various business equipment located in schools. Estimated future payments under the terms of the leases for the year ended June 30 of each year are as follows:

*2005 - \$46,441
2006 - 32,754
2007 - 26,819
2008 - 12,388
2009 - 930*

8. Other (Please specify)

- 1. Land and sites of the predecessor Pentecostal, Roman Catholic and Seven Day Adventist Boards on which buildings are erected remain vested in the respective churches of Newfoundland.*
- 2. Land and school buildings constructed by the Education Investment Corporation are conveyed to the District upon completion. The cost of additions are not reflected in the financial statements of the District during construction or upon completion.*
- 3. In accordance with the Auditor General's observations in the Auditor General's Report of March 1996, the School Districts are required to record on their financial statements an accrued liability for severance pay for teachers. It is normal procedure for the Department of Education to fully fund this liability as it comes due. The Department of Education has directed that no corresponding asset entry be recorded to offset the liability for accrued teacher's severance.*
- 4. Teachers' contracts cover the period from September to June. It is common practice however for teachers to receive their remuneration over a twelve month period from September to August versus September to June. Commencing in 2003 the Department of Education has directed School Districts to accrue the liability for teacher's payroll technically due at June 30 but actually paid during July and August. It is the normal procedure for the Department of Education to fully fund this payroll upon payment to the teachers. The Department of Education has directed that no corresponding asset entry be recorded to offset the liability for accrued teacher's summer pay. As of the Audit Report date the liability has been fully paid and fully funded by the Department.*
- 5. As of September 1, 2004 all assets, liabilities, equity, revenue and expenses of the District were amalgamated under the newly formed Nova Central School District. The Department of Education has mandated that the audited financial statements be prepared as of August 31, 2004 reflecting fourteen months operations with comparative figures presented for June 30, 2003 and twelve months operations.*

Schedule 1

Baie Verte Central Connaigre School District #5

Current Revenues

For The Fourteen Months Ended August 31, 2004

	August 31 2004	June 30 2003
Current Revenues		
32010 Provincial Government Grants		
011 Regular Operating Grants	\$ 10,257,900	\$ 8,018,700
016 Special Grants (Details on bottom of Schedule 1)	511,649	336,619
Salaries and Benefits		
017 - Director and Asst. Director	433,313	283,112
021 - Regular Teachers	49,364,437	41,826,682
022 - Substitute Teachers	1,472,512	1,648,655
023 - Student Assistants	1,081,993	1,160,670
030 Pupil Transportation		
031 - Board Owned	2,898,340	2,287,868
032 - Contracted	820,756	833,579
033 - Handicapped	94,299	61,834
034 - Other - accrual 2003 - 2004 deficit	-	-
	<u>66,935,199</u>	<u>56,457,719</u>
33010 Donations		
012 Cash receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	<u>-</u>	<u>-</u>

Schedule 1 (Cont'd)

Baie Verte Central Connaigre School District #5

Current Revenues

For The Fourteen Months Ended August 31, 2004

	August 31 2004	June 30 2003
34010 Ancillary Services		
011 Revenues from Rental of Residences	\$ -	\$ 4,750
021 Revenues from Rental of Schools and Facilities (Net)	-	-
031 Cafeterias	69,575	63,812
	<u>69,575</u>	<u>68,562</u>
35010 Miscellaneous		
011 Interest on Investments	12,164	14,120
012 Bus Charters	49,709	34,227
021 Recoveries of Expenditures	146,363	220,727
051 Insurance Proceeds	74,671	38,096
081 Miscellaneous Federal Grants	-	7,661
091 Textbooks	174,721	160,876
	<u>457,628</u>	<u>475,707</u>
Total Current Revenues	\$ 67,462,402	\$ 57,001,988
Special Grants		
Other (Specify)		
- Early intervention	\$ 37,398	\$ 5,000
- Bottled water	9,651	24,549
- First steps	16,190	-
- French monitor	5,180	15,520
- French materials	2,700	-
- French immersion	54,380	10,416
- Moving Forward strategic social plan	18,077	-
- 8% Administration	-	15,253
- CDLI Equipment	-	8,147
- Computer tables	-	10,800
- Diverse learners	3,599	6,082
- Salary increases / reclassification costs	65,900	57,369
- School utilities 2002 / 2003 - 2001 / 2002	168,200	108,900
- Human Resources and Employment	23,966	37,470
- Tutoring for tuition	12,833	11,544
- Newfoundland & Labrador School Trustees Association - REDAS Program	-	5,712
- Kinderstart	17,860	7,400
- Memorial University of Newfoundland - Internship Program	12,000	3,000
- Used book administration	-	360
- Strike costs	16,593	-
- Net savings - strike - April 2004	(107,584)	-
- Board intensive project	1,833	-
- Strike settlement	29,000	-
- Youth work experience	-	3,600
- Core french	-	5,497
- Baie Verte High gymnasium floor	7,500	-
- Government share of vacation and severance	116,373	-
	<u>\$ 511,649</u>	<u>\$ 336,619</u>
		Blair J. Jewer
		Chartered Accountant

Schedule 2

*Baie Verte Central Connaigre School District #5**Administration Expenditures**For The Fourteen Months Ended August 31, 2004*

	<i>August 31</i> <u><i>2004</i></u>	<i>June 30</i> <u><i>2003</i></u>
51000 Administration		
011 Salaries and Benefits - Directors and assistants	\$ 612,686	\$ 480,307
012 - Board office	620,263	567,546
013 Office Supplies	41,762	52,109
014 Replacement Furniture and Equipment	120	4,577
015 Postage	25,018	26,195
016 Telephone	51,989	41,905
017 Office Equipment Rentals and Repairs	9,724	17,074
018 Bank Charges	7,511	4,552
019 Electricity	45,086	49,641
021 Fuel	-	-
022 Insurance	-	5,287
023 Repairs and Maintenance - Office Building	20,557	66,110
024 Travel	71,313	60,882
025 Board Meeting Expenses	63,944	64,339
026 Election Expenses	-	16
027 Professional Fees	15,278	27,478
028 Advertising	29,919	27,645
029 Membership Dues	46,949	41,480
031 Municipal Service Fees	14,436	8,490
032 Rental of Office Space	-	-
033 Relocation Expenses	-	-
034 Miscellaneous	22,611	12,966
035 Payroll Tax	11,732	12,429
Total Administration Expenditures	<u>\$ 1,710,898</u>	<u>\$ 1,571,028</u>

Baie Verte Central Connaigre School District #5**Instruction Expenditures****For The Fourteen Months Ended August 31, 2004**

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
52010 Instructional Salaries (Gross)		
011 Teachers' Salaries - Regular	\$ 48,535,560	\$ 41,132,202
012 - Substitute	1,627,365	1,580,676
013 - Board Paid and Student Assistants	1,410,452	1,415,346
014 Augmentation	-	-
015 Employee Benefits	-	-
016 School Secretaries - Salaries and Benefits	1,054,817	898,281
017 Payroll Tax	847,742	710,347
018 Other (Specify)		
Increase (decrease) in Teacher's Severance Accrual	(332,084)	55,933
Increase (decrease) in Teacher's Summer Pay Accrual	(5,420,005)	352,977
	<u>47,723,847</u>	<u>46,145,762</u>
52040 Instructional Materials		
041 General Supplies	538,048	398,849
042 Library Resource Materials	44,662	32,837
043 Teaching Aids	486,935	322,166
044 Textbooks	163,055	145,336
	<u>1,232,700</u>	<u>899,188</u>
52060 Instructional Furniture and Equipment		
061 Replacement	49,512	44,970
062 Rentals and Repair	23,762	30,446
	<u>73,274</u>	<u>75,416</u>
52080 Instructional Staff Travel		
081 Program Co-ordinators	131,854	72,694
082 Teachers' Travel	106,656	197,653
083 In service and Conferences	155,017	63,095
	<u>393,527</u>	<u>333,442</u>
52090 Other Instructional Costs		
091 Postage and Stationery	4,443	5,625
092 Miscellaneous	54,366	51,380
	<u>58,809</u>	<u>57,005</u>
Total Instruction Expenditures	<u>\$ 49,482,157</u>	<u>\$ 47,510,813</u>

Baie Verte Central Connaisse School District #5
Operations and Maintenance Expenditures - Schools
For The Fourteen Months Ended August 31, 2004

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
53000 Operations and Maintenance		
011 Salaries and Benefits - Janitorial	\$ 1,580,822	\$ 1,283,723
012 - Maintenance	908,023	825,022
013 Payroll Tax	89,010	28,660
014 Electricity	1,462,595	1,391,246
015 Fuel	249,294	301,139
016 Municipal Service Fee	68,143	50,033
017 Telephone	222,291	226,754
018 Vehicle Operating and Travel	70,431	91,715
019 Janitorial Supplies	100,680	102,414
021 Janitorial Equipment	8,029	15,770
022 Repairs and Maintenance - Buildings	924,996	624,278
023 - Equipment	-	-
024 Contracted Services - Janitorial	307,914	274,811
025 Snow Clearing	217,059	189,118
026 Rentals	-	-
027 Other (Specify)		
Bottled water	32,474	44,858
Total Operations and Maintenance Expenditures	<u>\$ 6,241,761</u>	<u>\$ 5,449,541</u>

Baie Verte Central Connaigre School District #5

Pupil Transportation Expenditure

For The Fourteen Months Ended August 31, 2004

	August 31 2004	June 30 2003
54010 Operation and Maintenance of Board Owned Fleet		
011 Salaries and Benefits	\$ 85,025	\$ 82,221
- Administration	1,647,676	1,453,206
012 - Drivers and Mechanics	26,401	28,572
013 Payroll Tax	100,235	74,244
014 Debt Repayment - Interest	263,850	180,994
015 - Principal	-	-
016 Bank Charges	243,179	253,613
017 Gas and Oil	70,358	39,215
018 Licenses	63,828	25,544
019 Insurance	209,250	177,608
021 Repairs and Maintenance - Fleet	37,211	20,625
022 - Building	38,017	27,740
023 Tires and Tubes	26,261	22,659
024 Heat and Light	3,515	2,685
025 Municipal Service	11,325	11,122
026 Snow Clearing	2,174	2,838
027 Office Supplies	-	-
028 Rent	3,614	3,151
029 Travel	2,500	2,787
031 Professional Fees	390	778
032 Miscellaneous	10,842	7,276
033 Telephone	-	-
034 Vehicle Lease	2,845,651	2,416,878
54040 Contracted Services		
041 Regular Transportation	818,073	826,609
042 Handicapped	72,195	87,658
	890,268	914,267
Total Pupil Transportation Expenditures	\$ 3,735,919	\$ 3,331,145

Schedule 6

*Baie Verte Central Connaigre School District #5
Ancillary Services and Miscellaneous Expenses
For The Fourteen Months Ended August 31, 2004*

*August 31
2004*

*June 30
2003*

Ancillary Services

The Board owns and operates the following ancillary services:

55000	Ancillary Services		
011	Operation of Teachers Residences	\$ 461	\$ 2,053
031	Cafeterias	57,985	65,598
032	Other (Specify)	-	-
		\$ 58,446	\$ 67,651

Schedule 7

Miscellaneous Expenses (Specify)

The Board has incurred the following miscellaneous expenses:

57011	Miscellaneous Expenses (Specify)	\$ -	\$ -

Baie Verte Central Connaigre School District #5

Details of Property and Equipment

For The Fourteen Months Ended August 31, 2004

		<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Disposal</u>	<u>Balance</u> <u>Aug. 31, 2004</u>
12210	Land and Sites				
211	Land and Sites	\$ 1,185,483	\$ -	\$ -	\$ 1,185,483
12220	Buildings				
221	Schools	53,661,364	259,100	-	53,920,464
222	Administration	1,818,587	-	-	1,818,587
223	Residential	-	-	-	-
224	Recreational	-	-	-	-
225	Other (Specify)	-	-	-	-
		<u>55,479,951</u>	<u>259,100</u>	<u>-</u>	<u>55,739,051</u>
12230	Furniture and Equipment				
231	Schools	10,951,301	240,613	-	11,191,914
232	Administration	968,480	12,447	-	980,927
233	Residential	-	-	-	-
234	Recreational	-	-	-	-
235	Other (Specify)	-	-	-	-
		<u>11,919,781</u>	<u>253,060</u>	<u>-</u>	<u>12,172,841</u>
12240	Vehicles				
241	Service vehicles	175,614	-	-	175,614
12250	Pupil Transportation				
251	Land	28,006	-	-	28,006
252	Building	294,812	-	-	294,812
253	Vehicles - Buses	3,896,365	402,200	91,736	4,206,829
254	- Service	88,781	-	-	88,781
255	Equipment	-	-	-	-
256	Other (Specify)	-	-	-	-
		<u>4,307,964</u>	<u>402,200</u>	<u>91,736</u>	<u>4,618,428</u>
12260	Misc. Capital Assets				
261	Other - Library books	98,382	-	-	98,382
	Total Property and Equipment	<u>\$ 73,167,175</u>	<u>\$ 914,360</u>	<u>\$ 91,736</u>	<u>\$ 73,989,799</u>

Blair J. Jewer
Chartered Accountant

Baie Verte Central Connaigre School District #5

Details of Long Term Debt

For The Fourteen Months Ended August 31, 2004

	August 31 2004	June 30 2003
<i>Bank loans, mortgage and debentures, approved by the Board and the Government of Newfoundland and Labrador</i>		
22210 Loans Other than Pupil Transportation		
<u>Ref. #</u>		
211 Bank Loans		
Repayable \$ <u>536</u> monthly, maturing <u>2003</u>	\$ -	\$ -
Repayable \$ <u>513</u> monthly, maturing <u>2005</u>	-	7,007
Repayable \$ <u>555</u> monthly, maturing <u>2005</u>	5,507	13,070
Repayable \$ <u>555</u> monthly, maturing <u>2005</u>	5,507	13,070
Repayable \$ <u>611</u> monthly, maturing <u>2005</u>	6,058	14,380
Repayable \$ <u>613</u> monthly, maturing <u>2006</u>	-	-
Repayable \$ <u>720</u> monthly, maturing <u>2007</u>	23,774	33,861
Repayable \$ _____ monthly, maturing _____	-	-
Total 211	<u>40,846</u>	<u>81,388</u>
212 Mortgages		
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Total 212	<u>-</u>	<u>-</u>
213 Debentures		
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Total 213	<u>-</u>	<u>-</u>
214 Other (Please Specify) Temporary Loans - School Construction	-	-
Subtotal	<u>40,846</u>	<u>81,388</u>
215 Less Current Maturities	<u>24,276</u>	<u>34,700</u>
Total Loans Other Than Pupil Transportation	<u>\$ 16,570</u>	<u>\$ 46,688</u>

Baie Verte Central Connaigre School District #5

Details of Long Term Debt

For The Fourteen Months Ended August 31, 2004

	August 31 2004	June 30 2003
22220 Loans - Pupil Transportation		
Ref. #		
221 Vehicle Bank Loans		
Repayable \$ <u>1,549</u> monthly, maturing <u>2001</u>	\$ 116,141	\$ 137,820
Repayable \$ <u>5,211</u> monthly, maturing <u>2011</u>	427,299	500,253
Repayable \$ <u>2,083</u> monthly, maturing <u>2011</u>	170,833	200,000
Repayable \$ <u>2,090</u> monthly, maturing <u>2012</u>	221,569	250,833
Repayable \$ <u>2,738</u> monthly, maturing <u>2015</u>	325,766	364,091
Repayable \$ <u>2,793</u> monthly, maturing <u>2016</u>	354,750	-
Repayable \$ <u>571</u> monthly, maturing <u>2005</u>	5,608	13,398
Repayable \$ <u>686</u> monthly, maturing <u>2007</u>	15,643	25,033
Repayable \$ <u>613</u> monthly, maturing <u>2006</u>	12,990	20,787
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Total 221	<u>1,650,599</u>	<u>1,512,215</u>
222 Land, Buildings and Equipment Bank Loans		
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Repayable \$ _____ monthly, maturing _____	-	-
Total 222	<u>-</u>	<u>-</u>
Subtotal	1,650,599	1,512,215
223 Less Current Maturities	182,805	185,440
Total Loans - Pupil Transportation	<u>1,467,794</u>	<u>1,326,775</u>
Total Long Term Debt	<u>\$ 1,484,364</u>	<u>\$ 1,373,463</u>

Blair J. Jewer
Chartered Accountant

*Baie Verte Central Connaigre School District #5**Summary of Long Term Debt**For The Fourteen Months Ended August 31, 2004*

<u>Description</u>	<u>Ref.#</u>	<u>Rate</u>	<u>Balance Beginning of Period</u>	<u>Loans Obtained During Period</u>	<u>Principal Repayment for Period</u>	<u>Balance End of Period</u>
<i>A) School Construction</i>						
<i>B) Equipment</i>						
<i>C) Service</i>						
<i>Vehicles</i>						
<i>Loan 2</i>		3.90%	7,007	-	\$ 7,007	\$ -
<i>Loan 3</i>		1.90%	13,070	-	7,563	5,507
<i>Loan 4</i>		1.90%	13,070	-	7,563	5,507
<i>Loan 5</i>		1.90%	14,380	-	8,322	6,058
<i>Loan 7</i>		0%	33,861	-	10,087	23,774
<i>D) Other</i>						
<i>- Residences</i>						
<i>E) Pupil Transportation</i>						
<i>Loan 1</i>		Prime	137,821	-	21,680	116,141
<i>Loan 2</i>		Prime	200,000	-	29,167	170,833
<i>Loan 3</i>		Prime	500,252	-	72,953	427,299
<i>Loan 4</i>		Prime	250,833	-	29,264	221,569
<i>Loan 5</i>		Prime	364,091	-	38,325	325,766
<i>Loan 6</i>		Prime	-	402,236	47,486	354,750
<i>Loan 7</i>		3.90%	13,398	-	7,790	5,608
<i>Loan 8</i>		0.90%	25,033	-	9,390	15,643
<i>Loan 9</i>		3.90%	20,787	-	7,797	12,990
<i>Total Loans</i>			<u>\$ 1,593,603</u>	<u>\$ 402,236</u>	<u>\$ 304,394</u>	<u>\$ 1,691,445</u>

Baie Verte Central Connaigre School District #5

Schedule of Current Maturities

For The Fourteen Months Ended August 31, 2004

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction					
B) Equipment					
C) Service Vehicles					
Loan 2	\$ -	\$ -	\$ -	\$ -	\$ -
Loan 3	5,507	-	-	-	-
Loan 4	5,507	-	-	-	-
Loan 5	6,058	-	-	-	-
Loan 7	7,204	8,645	7,925	-	-
D) Other					
E) Pupil Transportation					
Loan 1	15,485	18,582	18,582	18,582	18,582
Loan 2	20,833	25,000	25,000	25,000	25,000
Loan 3	52,110	62,532	62,532	62,532	62,532
Loan 4	20,903	25,083	25,083	25,083	25,083
Loan 5	27,375	32,850	32,850	32,850	32,850
Loan 6	27,933	33,520	33,520	33,520	33,520
Loan 7	5,608	-	-	-	-
Loan 8	6,768	8,189	686	-	-
Loan 9	5,790	7,200	-	-	-
	<u>\$ 207,081</u>	<u>\$ 221,601</u>	<u>\$ 206,178</u>	<u>\$ 197,567</u>	<u>\$ 197,567</u>

Current maturities for year 1 are the period September 1, 2004 to June 30, 2005. Year 2 to year 5 are for the period July 1 - June 30

Blair J. Jewer
Chartered Accountant

*Baie Verte Central Connaigre School District #5**Schedule of Interest Expense**For The Fourteen Months Ended August 31, 2004*

	<i>August 31 2004</i>	<i>June 30 2003</i>
<i>56010 Description</i>		
<i>012 Capital</i>		
<i>School Construction</i>	\$ -	\$ -
<i>Equipment</i>	-	-
<i>Service Vehicles</i>	831	1,287
<i>Other (Specify)</i>	-	-
<i>Total Capital</i>	<u>831</u>	<u>1,287</u>
<i>013 Current - Operating Loans</i>	-	-
<i>014 - Supplier interest charges</i>	-	-
<i>Total Current</i>	<u>-</u>	<u>-</u>
<i>Total Interest Expense</i>	<u>\$ 831</u>	<u>\$ 1,287</u>

Baie Verte Central Connaigre School District #5

Supplementary Information

For The Fourteen Months Ended August 31, 2004

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
1. <u>Cash</u>		
<u>Current</u>		
11110 Cash on Hand and in Bank		
111 Cash on Hand	\$ 25	\$ 25
112 Bank - Current	-	-
113 - Savings	-	-
114 - Teachers' Payroll	40,344	40,108
115 - Non Teachers' Payroll	-	-
116 - Coupon (Debenture)	-	-
117 - Other (Specify)	-	-
<u>Capital</u>		
11210 Cash on Hand and in Bank	-	-
211 Cash on Hand	-	-
212 Bank - Current	-	-
213 - Savings	-	-
214 - Other (Specify)	-	-
Total Cash on Hand and in Bank	<u>\$ 40,369</u>	<u>\$ 40,133</u>
2. <u>Short Term Investments</u>		
<u>Current</u>		
11121 Term Deposits		
122 Canada Savings Bonds		
123 Other (Specify) Bankers Acceptance	\$ -	\$ -
<u>Capital</u>		
11221 Term Deposits		
222 Canada Savings Bonds		
223 Other (Specify)	-	-
Total Short Term Investments	<u>\$ -</u>	<u>\$ -</u>

Blair J. Jewer
Chartered Accountant

Baie Verte Central Connaigre School District #5
Supplementary Information
For The Fourteen Months Ended August 31, 2004

	<i>August 31</i> <u><i>2004</i></u>	<i>June 30</i> <u><i>2003</i></u>
<i>3. <u>Prepaid Expenses</u></i>		
<i> <u>Current</u></i>		
<i>11141 Insurance</i>	<i>\$ 5,270</i>	<i>\$ 4,316</i>
<i>142 Municipal Service Fees</i>	<i>20,423</i>	<i>27,822</i>
<i>143 Supplies</i>	<i>-</i>	<i>-</i>
<i>144 Other (Specify) - Worker's Compensation</i>	<i>58,625</i>	<i>75,375</i>
<i> - Transportation loan payments</i>	<i>-</i>	<i>14,792</i>
<i> <u>Capital</u></i>		
<i>11241 Other (Specify)</i>	<i>-</i>	<i>-</i>
	<u><i>\$ 84,318</i></u>	<u><i>\$ 122,305</i></u>

**BOARD OF COMMISSIONERS
OF PUBLIC UTILITIES**

FINANCIAL STATEMENTS

MARCH 31, 2005

AUDITORS' REPORT

To: The Board of Commissioners of Public Utilities

We have audited the statement of financial position of the Board of Commissioners of Public Utilities as at March 31, 2005 and the statements of operations, accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

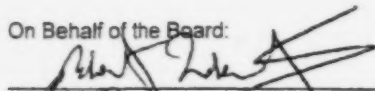
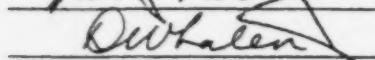
NKHK Chartered Accountants

St. John's, Newfoundland & Labrador
June 16, 2005

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Financial Position****March 31, 2005**

	2005	(Note 12) 2004
ASSETS		
Current		
Cash and short term investments	\$1,320,994	\$ 257,972
Accounts receivable	226,312	129,270
Hearing costs recoverable (Note 3)	159,540	1,325,349
Prepaid expenses	4,427	397
	1,711,273	1,712,988
Deferred costs – automobile insurance review (Note 4)	772,562	-
Designated pension funds (Note 5)	48,569	142,946
Capital assets (Note 6)	58,410	-
	\$2,590,814	\$1,855,934
LIABILITIES		
Current		
Accounts payable and accruals	\$ 558,211	\$ 255,542
Payroll accruals	449,510	445,327
	1,007,721	700,869
ACCUMULATED SURPLUS		
Invested in capital assets	58,410	-
Invested in designated pension funds	48,569	142,946
Internally restricted (Note 8)	1,384,266	933,059
Unrestricted	91,848	79,060
	1,583,093	1,155,065
	\$2,590,814	\$1,855,934

On Behalf of the Board:

Chairperson and CEO

Vice-Chairperson

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Operations
Year Ended March 31, 2005**

	2005	(Note12) 2004
Revenues		
Assessments	\$2,313,267	\$1,725,379
Hearings room	7,700	1,100
Interest	30,717	13,516
Pension income (Note 5)	5,868	10,141
	2,357,552	1,750,136
Expenses		
Amortization	13,088	-
Consulting fees	175,090	200,343
Hearing costs	482,399	-
Office equipment, supplies and services	64,174	68,961
Pension obligations estimation adjustment (Note 5)	100,245	52,445
Rent and insurance	171,600	142,200
Salaries and associated costs	1,197,966	994,177
Telecommunications	43,561	26,919
Training and membership	12,547	15,919
Travel	42,891	37,139
	2,303,561	1,538,103
Excess of revenues over expenses	\$ 53,991	\$ 212,033

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Statement of Accumulated Surplus Year Ended March 31, 2005

			2005			(Note 12) 2004
	Internally Restricted (Note 8)	Invested in Capital Assets	Invested in Designated Pension Funds	Unrestricted	Total	Total
Balance as at beginning of year	\$ 933,059	\$ -	\$142,946	\$ 79,060	\$1,155,065	\$ 943,032
Adjustments during the year:						
Net assets of the former Petroleum Products Pricing Commission (Note 12)	-	20,574	-	318,387	338,961	-
Adjustment for capital assets (Note 2 (c))	-	35,076	-	-	35,076	-
Excess of revenues over expenses	-	(13,088)	(94,377)	161,456	53,991	212,033
Invested in capital assets	-	15,848	-	(15,848)	-	-
Restricted during the year	451,207	-	-	(451,207)	-	-
Balance as at end of year	\$1,384,266	\$ 58,410	\$ 48,569	\$ 91,848	\$1,583,093	\$1,155,065

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES**Statement of Cash Flows****Year Ended March 31, 2005**

	2005	(Note 12) 2004
Operating activities		
Cash receipts from assessments and other revenues	\$ 2,260,507	\$ 1,737,769
Cash receipts from the Petroleum Products Pricing Commission	318,386	-
Cash paid to suppliers and employees	(1,987,647)	(1,659,322)
Cash provided by operating activities	591,246	78,447
Hearing and review activities		
Decrease (increase) in hearing costs recoverable	1,165,809	(193,676)
(Increase) in deferred costs – automobile insurance review	(772,562)	-
Cash provided by (used in) hearing and review activities	393,247	(193,676)
Investing activities		
Purchase of capital assets	(15,848)	-
Decrease in designated pension funds	94,377	55,304
Cash provided by investing activities	78,529	55,304
Increase (decrease) in cash during year	1,063,022	(59,925)
Cash position as at beginning of year	257,972	317,897
Cash position as at end of year	\$ 1,320,994	\$ 257,972

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2005

1. Authority

The Board of Commissioners of Public Utilities is an independent, quasi-judicial regulatory tribunal constituted in 1949 by the Lieutenant-Governor in Council pursuant to the *Public Utilities Act*. The Board regulates the electric utilities in the Province and is responsible for ensuring that the rates charged are reasonable and that the service provided is safe and reliable. Other responsibilities include (a) the regulation of automobile insurance rates; (b) the regulation of, from June 8, 2004, fuel prices pursuant to the Petroleum Products Act; (c) limited regulation of the motor carrier industry as it relates to certain passenger and ambulance operations and (d) to establish compensation for matters referred to the Board pursuant to the *Expropriation Act*. The Board was incorporated on May 12, 2000 pursuant to an amendment to the *Public Utilities Act*.

2. Summary of significant accounting policies

These financial statements have, in all material respects, been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are set out below:

a) Operating revenues and expenses

Operating revenues and expenses are accounted for on the accrual basis.

b) Hearing costs recoverable

Recoverable expenses relating to specific enquiries held by the Board are accrued in hearing costs recoverable accounts until the Board orders payment. The costs and subsequent recoveries for these enquiries are not included in the operating revenues and expenses of the Board.

c) Capital assets

Commencing with the current year, capital assets are recorded on the Statement of Financial Position at their historical cost and are amortized as follows:

• Furniture and equipment	-	20% declining balance method
• Computer hardware	-	35% declining balance method
• Computer software	-	50% declining balance method
• Leasehold improvements	-	the lesser of five year straight-line and remaining term of the lease

This new accounting policy was applied prospectively with an adjustment to the Statement of Accumulated Surplus to record the opening net book value.

d) Severance pay

Severance pay is accounted for on the accrual basis and is based upon years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2005

2. Significant accounting policies (cont'd)

e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Board's management to make estimates and assumptions that affect the amounts reported in the financial statements and the notes related thereto. Actual results may differ from those estimates.

3. Hearing costs recoverable

	2005	2004
Hearing costs recoverable, beginning of year	\$1,325,349	\$1,131,673
Add – specific enquiry costs incurred during the year:		
Consulting fees	161,582	1,008,318
Consumer Advocate	33,779	537,802
Salaries and associated costs	70,295	149,871
Transcription and printing	11,398	47,632
Travel and accommodations	19,313	61,993
Advertising and notice	7,865	65,193
Other	1,205	1,847
	305,437	1,872,656
	1,630,786	3,004,329
Less – costs recovered during the year	1,471,246	1,678,980
Hearing costs recoverable, end of year	\$ 159,540	\$1,325,349

4. Deferred costs – automobile insurance review

During the year, the Board incurred costs in the amount of \$772,562 relating to an automobile insurance review. These costs and any additional costs will be amortized over a three year period to coincide with the timing of special assessments to be levied to the insurance industry.

5. Designated pension funds and pension obligations

Designated pension funds are disclosed in the Statement of Financial Position as net of the related pension obligation.

The Board maintains a defined benefit pension plan for two former commissioners. Designated pension funds have been established and consist of investments maintained in trust with the Royal Trust Corporation of Canada on behalf of these pensioners and are recorded at market value.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2005

5. Designated pension funds and pension obligations (cont'd)

	2005	2004
Balance on deposit, beginning of year	\$492,446	\$547,750
Add – earnings net of expenses	5,868	10,141
	498,314	557,891
Deduct – benefit payments	(65,445)	(65,445)
	432,869	492,446
Balance on deposit, end of year	432,869	492,446
Related pension obligation	(384,300)	(349,500)
	\$ 48,569	\$142,946

Pension obligations represent the present value of accrued pension benefits as calculated in an actuarial report dated May 13, 2005. A pension obligations estimation adjustment of \$100,245 (2004 - \$52,445) is included in expenses in the fiscal year.

The Board also makes pension payments to a former Commissioner in the amount of \$24,520 per annum. These payments are paid directly by the Board out of operating expenses and are included in salaries and associated costs. In addition, salaries and associated costs include the expenditure of \$56,173 (2004 - \$52,966) with respect to other Commissioners and employees who are members of the *Public Service Pension Fund Act*, 1991 and entitled to benefits under that Act.

6. Capital assets

	2005		2004	
	Original Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$234,512	\$211,252	\$ 23,260	\$ -
Computer hardware	166,275	150,477	15,798	-
Computer software	17,937	14,986	2,951	-
Leasehold improvements	129,491	113,090	16,401	-
	\$548,215	\$489,805	\$ 58,410	\$ -

7. Bank indebtedness

The Board has established a \$1,000,000 line-of-credit subject to a general security agreement over all accounts and book debts, equipment, tangible capital assets and certain other assets. Any outstanding balance bears interest at the bank prime rate plus 0.5%.

BOARD OF COMMISSIONERS OF PUBLIC UTILITIES

Notes to Financial Statements

March 31, 2005

8. Internally restricted surplus

The Board has adopted a formal policy to accumulate and restrict estimated amounts required to meet expected future obligations. The amounts restricted as at March 31, 2005 are as follows:

	2005	2004
Assessment reductions (Note 9)	\$ 300,206	\$ -
Lease commitments	173,625	136,734
Payroll contingency	73,224	48,324
Redundancy pay contingency	470,978	454,287
Working capital	366,233	293,714
	\$1,384,266	\$933,059

9. Assessment reductions

During the year, the Board waived its assessment to the petroleum products industry for the period January 1 to March 31, 2005. This reduction of \$204,860 is reflected in the current year's statement of operations.

Subsequent to the year end, the Board further reduced assessments to the petroleum products industry and to the electrical utilities by \$194,925 and \$105,281, respectively. The Board has internally restricted its surplus to reflect the reduction that will occur in the 2006 fiscal year.

10. Income taxes

The Board is a Crown entity of the Province of Newfoundland and as such is not subject to provincial or federal income taxes.

11. Lease commitments

The Board has the following lease commitments for the rental of office space in St. John's and Grand Falls-Windsor:

- a) lease agreement in the amount of \$11,394 per month (\$136,728 per annum) concluding May 31, 2008.
- b) lease agreement in the amount of \$3,074 per month (\$36,888 per annum) concluding July 31, 2006.

12. Comparative figures

- a) The Board assumed responsibility for the administration of the Petroleum Products Act effective June 8, 2004 and consequently the 2005 Statements of Operation and Cash Flows reflect only those revenue and expense transactions entered into on or after that date. Net assets belonging to the former Petroleum Pricing Commission were assumed by the Board and recorded at their historical cost and accumulated amortization.
- b) Certain comparative figures have been restated to conform with the financial statement presentation adopted in 2005.

**Breast Screening Program for
Newfoundland and Labrador
Financial Statements**

March 31, 2005

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Directors of the **Breast Screening Program for Newfoundland and Labrador**

We have audited the statement of financial position of the **Breast Screening Program for Newfoundland and Labrador** at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 12, 2005

Grant Thornton LLP
Chartered Accountants

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**Breast Screening Program for
Newfoundland and Labrador
Statements of Operations and Changes in Net Assets**

Year Ended March 31	2005	2004
Revenue		
Grants (Note 4)	\$ 1,111,176	\$ 1,137,837
Amortization of deferred capital contribution	8,301	19,559
Symposium	1,625	2,150
Donations	<u>50</u>	<u>873</u>
	<u>1,121,152</u>	<u>1,160,419</u>
Expenditure		
Conference and symposium	100	1,261
Contract services	41,952	41,952
Depreciation	11,674	21,543
Education and breast examination	3,375	3,209
Mammography Centres		
St. John's	422,453	443,538
Gander	101,554	119,741
Miscellaneous	2,933	5,288
Office supplies and postage	7,683	16,917
Professional fees	7,014	10,266
Rent		
Building	85,845	85,845
Equipment	7,007	9,489
Salaries and benefits	412,048	381,933
Travel	2,868	6,777
Utilities	<u>14,646</u>	<u>12,660</u>
	<u>1,121,152</u>	<u>1,160,419</u>
Excess of revenue over expenditure	<u>\$ -</u>	<u>\$ -</u>
Net assets, beginning of year	\$ -	\$ -
Excess of revenue over expenditure	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Grant Thornton 

**Breast Screening Program for
Newfoundland and Labrador
Statement of Financial Position**

March 31	2005	2004
Assets		
Current		
Receivable from Health and Community Services - St. John's Region	\$ 447,105	\$ 329,210
Property and equipment (Note 3)	<u>7,871</u>	<u>19,545</u>
	<u>\$ 454,976</u>	<u>\$ 348,755</u>
Liabilities		
Current		
Deferred grant revenue (Note 4)	\$ 256,940	\$ 160,719
Deferred capital contributions (Note 5)	<u>179,735</u>	<u>188,036</u>
	436,675	348,755
Severance pay payable	<u>18,301</u>	-
	<u>454,976</u>	<u>348,755</u>
Net Assets		
Net assets	<u>-</u>	<u>-</u>
	<u>\$ 454,976</u>	<u>\$ 348,755</u>

Commitments (Note 6)

On behalf of the ~~Board~~ *Program*

Sharon O'Leary Director

Director

See accompanying notes to the financial statements.

Grant Thornton

**Breast Screening Program for
Newfoundland and Labrador
Statement of Cash Flows**

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating		
Depreciation	\$ 11,674	21,543
Amortization of deferred contribution	(8,301)	(19,559)
Severance pay	<u>18,301</u>	<u>-</u>
	21,674	1,984
 Change in non-cash operating working capital		
Receivable from Health and Community		
Services - St. John's	(117,895)	(80,419)
Deferred grant revenue	<u>96,221</u>	<u>91,663</u>
	<u>-</u>	<u>13,228</u>
 Investing		
Purchase of computer equipment	<u>-</u>	<u>(13,228)</u>
Net increase in cash and cash equivalents	-	-
 Cash and cash equivalents		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Grant Thornton 

Breast Screening Program for Newfoundland and Labrador Notes to the Financial Statements

March 31, 2005

4. Grants	<u>2005</u>	<u>2004</u>
The grants for the organization consist of the following:		
Department of Health and Community Services	\$ 1,197,397	\$ 1,219,500
Health and Community Services - St. John's Region	10,000	10,000
Deferred grant revenue from prior year	<u>160,719</u>	<u>69,056</u>
	1,368,116	1,298,556
Less: Deferred grant revenue in current year	<u>256,940</u>	<u>160,719</u>
	<u>\$ 1,111,176</u>	<u>\$ 1,137,837</u>

5. Deferred capital contributions	<u>2005</u>	<u>2004</u>
Deferred capital contributions, beginning of year	\$ 188,036	\$ 207,595
Amortization of deferred contribution	<u>(8,301)</u>	<u>(19,559)</u>
Deferred capital contributions, end of year	<u>\$ 179,735</u>	<u>\$ 188,036</u>

Deferred capital contributions consist of \$179,735 to be paid to the Health Care Corporation of St. John's when the equipment for which they are designated is purchased.

6. Commitments

The organization is committed to lease payments for office space of \$38,446 to August 2005.

7. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

**Burin Peninsula School/Board
Financial Statements/
Auditors Report**

August 31, 2004

Grant Thornton 

Auditors' Report

To the Members of the
Eastern School District

We have audited the balance sheet of the current and capital funds of the Burin Peninsula School Board as at August 31, 2004 and the related statements of current revenues, expenditures and Board deficiency, and the statement of cash flow in the capital fund for the fourteen months then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004 and the results of its operations and cash flow for the fourteen months then ended in accordance with Canadian generally accepted accounting principles as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 66 of the Schools Act, we report that bonding insurance is adequate for those employees covered.

Grant Thornton LLP

Marystown, Newfoundland
October 22, 2004

Chartered Accountants

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**Burin Peninsula School Board
Statement of Current Revenues, Expenditures
and Board Deficiency**

(Note 10)

Fourteen Months Ended August 31

2004

2003

Board Operations Excluding
Regular Student Transportation

Current Revenues (Schedule 1)

Provincial Government Grants	\$ 26,836,283	\$ 22,980,750
Donations	6,599	8,413
Ancillary Services	97,036	98,744
Miscellaneous	<u>338,110</u>	<u>275,500</u>
	<u>27,278,008</u>	<u>23,363,407</u>

Current Expenditures

Administration (Schedule 2)	1,190,418	821,294
Instruction (Schedule 3)	22,909,100	19,857,060
Operations and Maintenance (Schedule 4)	2,941,185	2,360,190
Pupil Transportation (Schedule 5)	20,179	35,203
Ancillary Services (Schedule 7)	74,841	99,000
Interest Expenses (Schedule 10C)	87,822	70,157
Miscellaneous Expenses (Schedule 8)	<u>131,530</u>	<u>147,831</u>
	<u>27,355,075</u>	<u>23,390,735</u>

23 111 Excess of Expenditure over Revenue	(77,067)	(27,328)
Transfer to Capital	<u>(83,737)</u>	<u>(5,173)</u>
Decrease in Board Equity	(160,804)	(32,501)
Decrease in Board Equity - Page 3	<u>(536)</u>	<u>(40,890)</u>
Decrease in Board Equity Before Accrual for Teacher's Severance and Summer Pay	(161,340)	(73,391)

Accrual for Teacher's Severance and Summer Pay	<u>2,922,207</u>	<u>(206,622)</u>
Net Increase (Decrease) in Board Equity	<u>\$ 2,760,867</u>	<u>\$ (280,013)</u>

See Accompanying Notes

Grant Thornton

**Burin Peninsula School Board
Statement of Current Revenues, Expenditures
and Board Deficiency (Cont'd)**

Fourteen Months Ended August 31

2004

(Note 10)

2003

**Operation and Maintenance of
Board Owned School Fleet (Schedule 5)**

Revenues	\$ 2,682,170	\$ 2,340,637
Expenditures	<u>2,682,708</u>	<u>2,381,527</u>
Excess of Expenditures over Revenues	<u>(536)</u>	<u>(40,890)</u>
Net Decrease in Equity	\$ <u>(536)</u>	\$ <u>(40,890)</u>

See Accompanying Notes

Grant Thornton 

Burin Peninsula School Board Balance Sheet

August 31

2004

(Note 10)

2003

	Current Fund	Capital Fund	Combined	Combined
<u>Assets</u>				
<u>Current Assets</u>				
Cash (Supp. Info. 1)	\$ 174,992		\$ 174,992	\$ 200
Short Term Investments (Supp. Info. 2)				15,213
Accounts Receivable (Note 2 and 8)	363,024	\$ 39,623	402,647	431,393
Prepaid Expenses (Supp. Info. 3)	305,910		305,910	181,879
Total Current Assets	843,926	39,623	883,549	628,685
Other Receivable (Note 3)	41,000	26,510	67,510	
Property and Equipment (Sch. 9)		41,138,978	41,138,978	39,096,484
	<u>\$ 884,926</u>	<u>\$ 41,205,111</u>	<u>\$ 42,090,037</u>	<u>\$ 39,725,169</u>

Liabilities and Board Equity

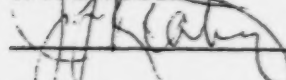
<u>Current Liabilities</u>				
Bank Indebtedness (Note 4)				\$ 300,698
Accounts Payable and Accrued (Note 5)	\$ 7,271,588	\$ 204,978	\$ 7,476,566	9,346,417
Current Maturities (Sch. 10B)	144,132	345,296	489,428	456,468
Total Current Liabilities	7,415,720	550,272	7,965,992	10,103,583
Long Term Debt (Schedule 10)	752,050	3,290,788	4,042,838	2,471,918
	<u>8,167,770</u>	<u>3,841,060</u>	<u>12,008,830</u>	<u>12,575,501</u>

Board Equity

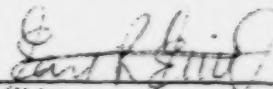
Investment in Capital Assets (Note 7)		37,364,051	37,364,051	37,294,289
Board Deficiency (Note 6)	(7,282,844)		(7,282,844)	(10,144,801)
Total Board Equity	<u>(7,282,844)</u>	<u>37,695,751</u>	<u>30,081,207</u>	<u>27,149,668</u>
	<u>\$ 884,926</u>	<u>\$ 41,205,111</u>	<u>\$ 42,090,037</u>	<u>\$ 39,725,169</u>

Contingent Liabilities (Note 8)

On behalf of the Board



Chairperson
See Accompanying Notes



Secretary

Grant Thornton

Burin Peninsula School Board
Statement of Cash Flow in the Capital Fund

(Note 10)

Fourteen Months Ended August 31

2004

2003

70	Capital Receipts		
71	Proceeds from Bank Loans		
011	- School Improvements	\$ 900,000	
012	- Equipment		
013	- Service Vehicles		
014	- Pupil Transportation	1,187,473	\$ 241,811
015	- Board Office	<u>40,000</u>	
		<u>2,127,473</u>	<u>241,811</u>
72	School Construction Grants		
011	- School Construction and Equipment		
	- Other	14,966	
012	- Repayment of Long Term Debt		
014	- Pupil Transportation		
		<u>14,966</u>	
73	Donations		
011	- Cash Receipts		
012	- Non-Cash Receipts		
013	- Restricted Use		
74	Sale of Capital Assets - Proceeds		
011	- Land		
012	- Buildings	100,138	330
013	- Equipment		
014	- Service Vehicles		
015	- Pupil Transportation Vehicles		
016	- Other (Specify)		
		<u>100,138</u>	<u>330</u>
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments		
	- Pupil Transportation		24,432
	- Debt Retirement		
012	- Premiums on Debentures		
013	- Recoveries of Expenditures		
014	- Federal Sales Taxes		
015	- Insurance Proceeds		
016	- Native Peoples Grants		
017	- Miscellaneous (Specify)		
			<u>24,432</u>

Grant Thornton

Burin Peninsula School Board**Statement of Cash Flow in the Capital Fund (Cont'd)**

(Note 10)

Fourteen Months Ended August 31

2004

2003

Total Capital Receipts	<u>2,242,577</u>	<u>286,573</u>
77 Transfer from Reserve Account	<u> </u>	<u> </u>
78 Transfer to/from Current Fund	<u>83,737</u>	<u>5,173</u>
Total	<u>\$ 2,326,314</u>	<u>\$ 271,746</u>

80 Capital Disbursements**81 Additions to Property & Equipment**

011 - Land and Sites		
012 - Buildings	\$ 1,120,517	
013 - Furniture & Equipment - Schools		
014 - Furniture & Equipment - Other		
015 - Service Vehicles		\$ 24,432
016 - Pupil Transportation	1,192,542	241,811
017 - Other (Specify)	<u> </u>	<u> </u>
	<u>2,313,059</u>	<u>286,243</u>

82 Principal Repayment of Long Term Debt

011 - School Construction		
012 - Equipment		
013 - Service Vehicles	6,425	5,503
014 - Other	<u>6,830</u>	<u> </u>
	<u>13,255</u>	<u>5,503</u>

83 Miscellaneous Disbursements

011 - Cost of Issuing Term Deposits	
012 - Repayment of Short Term Loans	
013 - Other - Temporary Loan to Operating	

Total Capital Disbursements	<u>\$ 2,326,314</u>	<u>\$ 271,746</u>
-----------------------------	---------------------	-------------------

See Accompanying Notes

Grant Thornton

Burin Peninsula School Board Notes to the Financial Statements

August 31, 2004

1. Summary of significant accounting policies

Fund accounting

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards, to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Newfoundland and Labrador Education Investment Corporation are recorded as capital revenues.
- b) Fixed asset additions are recorded at full cost in the capital fund.
- c) The Board does not calculate or record depreciation on any of its fixed assets.

Severance pay

The Board has in effect a severance pay policy whereby non-teaching staff with nine or more years of continuous service are entitled to a severance payment upon leaving employment with the Board. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is accrued based on amounts provided by the Department of Education.

Grant Thornton 

Burin Peninsula School Board
Notes to the Financial Statements

August 31

2004

(Note 10)

2003

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
2. <u>Accounts Receivable</u>				
<u>Current</u>				
11 131 Provincial Government Grants (Note 8) \$	178,574	\$	178,574	\$ 289,576
132 Transportation	27,892		27,892	29,447
133 Federal Government	95,294		95,294	63,380
134 Insurance	6,461		6,461	
136 Other School Boards				
137 Rent				
138 Interest				
139 Miscellaneous	54,803		54,803	45,935
<u>Capital</u>				
11 231 Provincial Government Grants	\$	6,660	6,660	
232 Federal Government		32,963	32,963	1,055
233 Local Contributions				
234 Other School Boards				
235 Other (Specify)				2,000
	<u>\$ 363,024</u>	<u>\$ 39,623</u>	<u>\$ 402,647</u>	<u>\$ 431,393</u>

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
3. <u>Other Receivables</u>				
At prime from province in monthly instalments of \$1,000 plus interest (less principal amount receivable within one year).	\$ 41,000		\$ 41,000	
At prime from province in monthly instalments of \$866 plus interest (less principal amount receivable within one year).		\$ 26,510	26,510	
	<u>\$ 41,000</u>	<u>\$ 26,510</u>	<u>\$ 67,510</u>	

Grant Thornton

Burin Peninsula School Board
Notes to the Financial Statements

August 31

2004

(Note 10)

2003

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
4. <u>Bank Indebtedness</u>				
21 131 On Operating Credit				
132 On Current Account \$		\$	\$	253,413
On Staff Payroll Account				47,285
	\$	\$	\$	300,698

	<u>Current Fund</u>	<u>Capital Fund</u>	<u>Combined</u>	<u>Combined</u>
5. <u>Accounts Payable and Accrued</u>				
<u>Current</u>				
21 111 Trade Payable \$	894,418	\$	894,418	\$ 210,240
112 Accrued - Liabilities	101,720		101,720	52,875
113 - Interest				
114 - Wages				
115 Payroll Deductions	39,708		39,708	88,833
116 Commodity Tax	9,509		9,509	5,194
117 Deferred Grants	216,991		216,991	15,848
118 Other (Specify)				
Severance Pay Accrual	805,087		805,087	759,547
Sick Leave Accrual				
Vacation Pay Accrual	44,067		44,067	125,170
Teacher's Severance	5,144,992		5,144,992	5,350,060
Scholarship Fund	3,604		3,604	3,604
Travel	11,492		11,492	17,907
Teacher's salaries				2,717,139

<u>Capital</u>				
21 211 Trade Payable	\$	204,976	204,976	
212 Accrued - Liabilities				
213 - Interest				
217 Deferred Grants				
218 Other (Specify)				
	\$ 7,271,588	\$ 204,976	\$ 7,476,564	\$ 9,346,417

Grant Thornton

Burin Peninsula School Board
Notes to the Financial Statements

August 31

2004

(Note 10)

2003

6. Board Deficiency

Opening Board Deficiency	\$ (10,144,601)	\$ (9,922,760)
Add: Deficit Recovery	100,890	58,172
Net Increase (Decrease) in Board Equity (Page 2)	<u>2,760,867</u>	<u>(280,013)</u>
Board Deficiency, End of Period	\$ <u>(7,282,844)</u>	\$ <u>(10,144,601)</u>

Grant Thornton 

Burin Peninsula School Board
Notes to the Financial Statements

(Note 10)

August 31

2004

2003

7. Investment in Capital Assets, Beginning of Period	\$ <u>37,294,269</u>	\$ <u>37,570,350</u>
Add:		
Transfer to Capital Fund	83,737	5,173
Grants - Contributions for Capital Construction	45,128	
- Pupil Transportation Grants		24,432
- Other (Specify) - Debt retirement		
Principal repayment - Bus Loans	283,435	181,868
- Other Loans	6,830	
Sale of capital assets	<u>100,138</u>	
	<u>522,268</u>	<u>211,473</u>
Deduct Adjustments:		
Cost of assets sold - Building	145,751	76,408
- Service Vehicles		
- Pupil Transportation Vehicles	304,735	411,146
Doubtful accounts	<u>2,000</u>	
	<u>452,486</u>	<u>487,554</u>
23 221 Investment in Capital Assets, End of Period	\$ <u>37,364,051</u>	\$ <u>37,294,269</u>

Grant Thornton

Burin Peninsula School Board
Notes to the Financial Statements

August 31, 2004

8. Contingent Liabilities

The Board has a potential liability for accumulated sick leave to its employees in the amount of \$2,198,628. This amount has not been included in the financial statements. The amount is calculated based on Board policy and on an interpretation of the agreement with unionized employees. Any payments to employees for sick leave is expensed in the period such payments are incurred.

9. Subsequent Events

On August 31, 2004 the Board merged with three other School Boards to become known as the Eastern School District.

Subsequent to August 31, 2004 an amount of \$233,200 was borrowed to complete the financing of the upgrade of school facilities.

10. Comparative figures

Comparative figures are for twelve months ended June 30, 2003.

Grant Thornton 

Burin Peninsula School Board
Current Revenues

Fourteen Months Ended August 31

2004

(Note 10)

2003

Schedule 1

Current Revenues

32 010	Provincial Government Grants		
011	Regular Operating Grants	\$ 4,664,692	\$ 3,750,600
016	Special Grants (Details on bottom of Schedule 1)	162,570	198,778
	Salaries and Benefits		
017	- Director and Assistant Directors	426,606	267,772
021	- Regular Teachers	20,379,900	17,495,239
022	- Substitute Teachers	725,500	768,335
023	- Student Assistants	467,575	464,408
030	Pupil Transportation		
031	- Board Owned		
032	- Contracted		
033	- Handicapped	19,420	35,618
		<u>26,836,263</u>	<u>22,980,750</u>
33 010	Donations		
012	Cash Receipts	6,599	8,413
013	Non Cash Receipts		
014	Restricted Use		
		<u>6,599</u>	<u>8,413</u>
34 010	Ancillary Services		
011	Revenues from Rental of Residence		
021	Revenues from Rental of Schools and Facilities	32,000	28,538
031	Cafeterias	65,036	70,206
032	Other (Specify)		
		<u>97,036</u>	<u>98,744</u>
35 010	Miscellaneous		
011	Interest on Investments	6,349	3,573
021	Recoveries of Expenditures	10,343	13,105
031	Disposal of Assets		18,608
051	Insurance Proceeds	6,462	10,328
061	Bilingual Education Revenue	122,953	2,000
081	Miscellaneous Grants	88,154	130,373
091	Textbooks	74,303	64,231
092	Sundry	10,000	10,064
	Technology Support Initiative	19,546	23,218
		<u>338,110</u>	<u>275,500</u>
	Total Current Revenues	\$ 27,278,008	\$ 23,363,407

Grant Thornton

Burin Peninsula School Board**Current Revenues (Cont'd)**

(Note 10)

Fourteen Months Ended August 31

2004

2003

Schedule 1**Special Grants**

Education Investment Corporation

School Utilities

\$ 60,015 \$ 140,551

School Closures

21,153 22,719

Special Incentive

30,000 15,000

Diverse Learners Program

11,508

SORT Program

9,000

Alternate texts

7,000

Bottled water

10,800

Paving

9,000

Other

5,802 9,000

\$ 152,570 \$ 198,778

**Burin Peninsula School Board
Administration Expenditures**

Fourteen Months Ended August 31

2004

(Note 10)

2003

		<u>Schedule 2</u>	
51	Salaries and Benefits		
011	Director & Assistant Directors	\$ 446,804	\$ 272,673
012	Board Office Personnel	427,027	347,320
013	Office supplies	19,200	22,021
014	Replacement Furniture and Equipment	165	2,131
015	Postage	8,675	6,084
016	Telephone	25,890	20,727
017	Office Equipment Rentals	9,665	5,661
018	Bank Charges	1,017	988
019	Heat and Electricity	35,288	11,398
022	Insurance		3,037
023	Repairs and Maintenance		
024	Travel	51,910	50,702
025	Board Meeting Expense	33,886	21,005
044	Bad Debts	47,000	
026	Election Expense		
027	Professional Fees	18,031	12,583
028	Advertising	9,642	11,975
029	Membership Dues	35,975	20,515
030	Principals' Meetings		
031	Municipal Service Fees		
032	Office Space Rental		
034	Miscellaneous	12,718	5,648
035	Payroll Tax	7,527	6,828
Total Administration Expenditures		\$ 1,190,418	\$ 821,294

Grant Thornton

Burin Peninsula School Board
Instruction Expenditures

Fourteen Months Ended August 31

2004

(Note 10)

2003

Schedule 3

52 010	Instructional Salaries (Gross)		
011	Teachers' Salaries - Regular	\$ 20,379,900	\$ 17,522,808
012	- Substitute	736,750	721,660
013	- Board Paid	38,182	28,566
015	Employee Benefits		
016	School Secretaries - Salaries & Benefits	410,662	376,471
017	Payroll Tax	7,056	7,478
018	Other - HRD Programs		
019	Student Assistants - Salaries & Benefits	484,950	464,408
		<u>22,057,500</u>	<u>19,121,391</u>
52 040	Instructional Materials		
041	General Supplies	43,839	43,002
042	Library Resource Materials	31,756	33,970
043	Teaching Aids	146,028	138,217
044	Textbooks	75,011	85,938
045	Photocopy Expense	44,328	42,100
047	Special Education Materials		9,889
049	Program Support		
		<u>340,962</u>	<u>333,116</u>
52 080	Instructional Furniture and Equipment		
081	Repairs/Replacement	117,462	59,173
082	Rentals/Leases	55,213	53,786
		<u>172,675</u>	<u>112,959</u>
52 080	Instructional Staff Travel		
081	Program Coordinators	59,012	54,774
082	Teachers' Travel	3,135	3,905
083	Inservice and Conferences	55,772	60,595
		<u>117,919</u>	<u>127,274</u>
52 090	Other Instructional Costs		
091	Postage and Stationary	8,132	8,544
092	Miscellaneous (Details on bottom of Schedule 3)	211,912	153,776
		<u>220,044</u>	<u>162,320</u>
	Total Instruction Expenditures	\$ <u>22,909,100</u>	\$ <u>19,857,060</u>

Grant Thornton

Burin Peninsula School Board**Instruction Expenditures (Cont'd)**

(Note 10)

Fourteen Months Ended August 31

2004

2003

		<u>Schedule 3</u>
<u>Miscellaneous</u>		
French Monitor	\$ 20,996	\$ 20,311
French Teacher Aid	16,669	16,380
French Camp	11,158	13,411
Other French Programs	53,515	2,528
Scholarships	4,520	4,025
Student Travel		11,582
Summer School	28,400	7,061
Teacher Interns	6,711	8,332
SORT Program	9,770	9,325
Summer Reading Camp		3,600
Kinderstart Program	8,777	5,696
Elementary Math Assessment		1,356
Special Program Wages - SWASP		200
Special Program Wages - Technology	6,210	20,712
School Breakfast Program		9,784
Library Assistant	3,552	8,140
Eastern Regional Management Team		1,268
Tutoring/Work Experience Program	2,166	5,540
Tutoring for Tuition	5,689	3,612
Leadership Institute		953
International		
Education Travel	4,589	
Other Funded Programs	<u>29,190</u>	
	\$ 211,912	\$ 153,776

Burin Peninsula School Board
Operations and Maintenance Expenditures –
Schools

Fourteen Months Ended August 31

2004

(Note 10)

2003

Schedule 4

53 011	Salaries & Benefits	\$	1,332,192	\$	1,027,063
013	Payroll Tax		22,926		20,178
014	Electricity		688,806		586,452
015	Fuel		47,157		46,223
016	Municipal Fees		54,258		42,235
017	Telephone		109,122		109,440
018	Board Vehicle		18,600		12,691
019	Janitorial Supplies		105,450		71,010
021	Janitorial Equipment				
022	Repairs - Buildings		358,466		164,623
023	Repairs - Equipment				
024	Repairs - Contract		22,363		29,347
025	Snow Clearing		143,329		126,533
026	Repairs - Other		29,141		5,502
027	School Closures				11,768
096	Rental of School Space		9,375		7,125
028	Indoor Air Quality				
Total Operations and Maintenance		\$	<u>2,941,185</u>	\$	<u>2,360,190</u>

Grant Thornton

Burin Peninsula School Board**Operation and Maintenance of Board Owned Fleet**

(Note 10)

Fourteen Months Ended August 31

2004

2003

Schedule 5**54 010 Operation and Maintenance of Board Owned Fleet - Expenditures**

011	Salaries and Wages - Administration	\$	90,846	\$	71,534
012	Salaries and Wages - Drivers and Mechanics		1,176,612		1,172,142
013	Employee Benefits		207,080		197,225
014	Debt Repayment - Interest		117,775		83,342
015	Transfer to Capital		283,435		181,868
016	Bank Charges				
017	Gas, Diesel and Oil		255,430		268,628
018	Licenses		28,423		29,094
019	Insurance		47,783		20,087
021	Repairs and Maintenance - Fleet		330,520		214,663
022	Repairs and Maintenance - Building		12,522		10,900
023	Tires and Tubes		22,817		35,598
024	Heat and Light		9,978		12,361
025	Municipal Fees		786		808
026	Snowclearing		4,002		772
027	Office Supplies and Equipment		18,147		16,188
028	Rent				
029	Travel		5,716		2,758
031	Professional Fees		2,808		2,778
032	Miscellaneous		7,333		5,108
033	Telephone		34,245		28,904
034	Payroll Tax		26,448		28,995

\$ 2,682,706 \$ 2,381,527

Operation and Maintenance of Board Owned Fleet - Revenues

32 031	Province of Newfoundland Grants	\$	2,641,210	\$	2,301,300
35 012	Extra Runs and Fees		37,684		36,809
	Other		3,276		2,528

\$ 2,682,170 \$ 2,340,637

Grant Thornton

Burin Peninsula School Board
Pupil Transportation Expenditures

Fourteen Months Ended August 31

2004

(Note 10)

2003

Schedule 6

54 010 Contracted Services
041 Regular Transportation
042 Handicapped

\$ 20,179 \$ 35,203

\$ 20,179 \$ 35,203

Grant Thornton 

Burin Peninsula School Board
Ancillary Services and Miscellaneous Expenses
Fourteen Months Ended August 31, 2004

Schedule 7

Ancillary Services

					(Note 10)
			<u>2004</u>		<u>2003</u>
55	Ancillary Services				
011	Operation of Teacher's Residences				
031	Cafeterias	\$	66,498	\$	70,431
032	Cost of school and facility rental		<u>8,343</u>		<u>28,569</u>
		\$	<u>74,841</u>	\$	<u>99,000</u>

Schedule 8

Miscellaneous Expenses

					(Note 10)
			<u>2004</u>		<u>2003</u>
	The Board has incurred the following miscellaneous expenses.				
57	Special Incentive Program	\$	30,000	\$	15,000
012	Provision for Severance Pay		<u>101,530</u>		<u>132,831</u>
		\$	<u>131,530</u>	\$	<u>147,831</u>

Grant Thornton

Burin Peninsula School Board
Details of Property and Equipment

Fourteen Months Ended August 31, 2004

Schedule 9

		Balance, beginning of year	Additions	Disposals	Balance, end of year
12 210	Land and Sites				
211	Land and Sites	\$ 199,550			\$ 199,550
12 220	Buildings				
221	Schools	29,709,550	\$ 1,305,528		31,015,078
222	Administration	145,751		\$ 145,751	
223	Residential	10,000			10,000
224	Recreational				
225	Other	152,886			152,886
		<u>30,018,187</u>	<u>1,305,528</u>	<u>145,751</u>	<u>31,177,964</u>
12 230	Furniture and Equipment				
231	Schools	4,024,598			4,024,598
232	Administration	312,301			312,301
233	Residential	850			850
234	Recreation				
235	Other	27,648			27,648
		<u>4,365,397</u>			<u>4,365,397</u>
12 250	Pupil Transportation				
251	Land				
252	Building	213,356			213,356
253	Vehicles - Buses	3,327,984	1,187,452	304,735	4,210,701
254	- Service	59,383			59,383
255	Equipment				
256	Other (Specify)				
		<u>3,600,723</u>	<u>1,187,452</u>	<u>304,735</u>	<u>4,483,440</u>
12 260	Misc. Capital Assets				
261	Computers	894,464			894,464
	Tools	18,163			18,163
		<u>912,627</u>			<u>912,627</u>
	Total Property and Equipment	\$ 39,096,484	\$ 2,492,980	\$ 450,486	\$ 41,138,978

Grant Thornton

Burin Peninsula School Board
Details of Property and Equipment (Cont'd)

Fourteen Months Ended August 31, 2004

Schedule 9

Land, buildings and equipment have been recorded in the accounts at the amount recorded in the predecessor school boards accounts as at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by the Burin Peninsula School Board will be subject to the terms and conditions contained in Section 95 of the 1999 Schools Act.

As of the date of the Auditor's report the values of all of the school buildings and equipment used by the Burin Peninsula School Board have not been obtained from the Department of Education or the former school boards.

Grant Thornton 

Burin Peninsula School Board **Details of Long Term Debt**

Fourteen Months Ended August 31, 2004

Schedule 10

Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador.

22	210	Loans Other than Pupil Transportation		<u>2004</u>
		<u>Ref #</u>		
	211	Bank Loans		
		Repayable \$ <u>9,443</u> monthly, maturing <u>2014</u>	\$	900,000
		Repayable \$ <u>9,387</u> monthly, maturing <u>2005</u>		9,387
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ <u>12,475</u> monthly, maturing <u>2010</u>		836,796
		Repayable \$ <u>459</u> monthly, maturing <u>2006</u>		11,910
		Repayable \$ <u>867</u> monthly, maturing <u>2009</u>		33,170
		Repayable \$ <u>1,000</u> monthly, maturing <u>2009</u>		<u>51,000</u>
		Total 211		<u>1,841,263</u>
	212	Mortgages		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Total 212		_____
	213	Debentures		
		Repayable \$ _____ monthly, maturing _____		
		Repayable \$ _____ monthly, maturing _____		
		Total 213		_____
	214	Province of Newfoundland		_____
		Subtotal		<u>1,841,263</u>
	215	Less: Current Maturities		<u>249,810</u>
		Total Loans Other Than Pupil Transportation	\$	<u>1,591,453</u>

Grant Thornton

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)

Fourteen Months Ended August 31, 2004

Schedule 10

Bank loans, mortgages and debentures, approved by the
Board and the Government of Newfoundland and Labrador.

(Note 10)
2003

22 210 Loans Other than Pupil Transportation

<u>Ref #</u>		
211	Bank Loans	
	Repayable \$ _____ monthly, maturing _____	
	Repayable \$ <u>9,389</u> monthly, maturing <u>2004</u>	\$ 112,665
	Repayable \$ _____ monthly, maturing _____	
	Repayable \$ <u>12,475</u> monthly, maturing <u>2010</u>	1,010,452
	Repayable \$ <u>459</u> monthly, maturing <u>2006</u>	<u>18,337</u>
	Total 211	<u>1,141,454</u>
212	Mortgages	
	Repayable \$ _____ monthly, maturing _____	
	Repayable \$ _____ monthly, maturing _____	
	Repayable \$ _____ monthly, maturing _____	
	Repayable \$ _____ monthly, maturing _____	
	Repayable \$ _____ monthly, maturing _____	
	Total 212	
213	Debentures	
	Repayable \$ _____ monthly, maturing _____	
	Repayable \$ _____ monthly, maturing _____	
	Total 213	
214	Province of Newfoundland	
	Subtotal	<u>1,141,454</u>
215	Less: Current Maturities	<u>267,676</u>
	Total Loans Other Than Pupil Transportation	\$ <u>873,578</u>

Grant Thornton

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)

Fourteen Months Ended August 31, 2004

Schedule 10

2004

22 220 Loans - Pupil Transportation

Ref #

221 Vehicle Bank Loans

Repayable \$ 430	monthly, maturing 2011	\$ 35,234
Repayable \$ 4,169	monthly, maturing 2012	387,698
Repayable \$ 2,019	monthly, maturing 2011	179,650
Repayable \$	monthly, maturing	
Repayable \$ 5,744	monthly, maturing 2013	615,182
Repayable \$	monthly, maturing	
Repayable \$ 580	monthly, maturing 2007	15,088
Repayable \$	monthly, maturing	
Repayable \$ 3,910	monthly, maturing 2016	508,354
Repayable \$ 4,338	monthly, maturing 2016	615,701
Repayable \$ 1,095	monthly, maturing 2014	129,230
Repayable \$	monthly, maturing	
Repayable \$ 1,679	monthly, maturing 2014	204,856

Total 221

2,691,003

222 Land, Buildings and Equipment Bank Loans

Repayable \$	monthly, maturing	
Repayable \$	monthly, maturing	
Repayable \$	monthly, maturing	
Repayable \$	monthly, maturing	
Repayable \$	monthly, maturing	

Total 222

Subtotal

2,691,003

223 Less: Current Maturities

239,618

Total Loans - Pupil Transportation

\$ 2,451,385

Total Long Term Debt

\$ 4,042,838

Grant Thornton

Burin Peninsula School Board
Details of Long Term Debt (Cont'd)

Fourteen Months Ended August 31, 2004

Schedule 10

(Note 10)
2003

22 220 Loans - Pupil Transportation

Ref #

221 Vehicle Bank Loans

Repayable \$ <u>430</u> monthly, maturing 2011	\$ 41,250
Repayable \$ <u>4,169</u> monthly, maturing 2012	446,060
Repayable \$ <u>2,019</u> monthly, maturing 2011	207,910
Repayable \$ _____ monthly, maturing _____	
Repayable \$ <u>5,744</u> monthly, maturing 2013	695,577
Repayable \$ _____ monthly, maturing _____	
Repayable \$ <u>580</u> monthly, maturing 2007	23,212
Repayable \$ _____ monthly, maturing _____	
Repayable \$ _____ monthly, maturing _____	
Repayable \$ _____ monthly, maturing _____	
Repayable \$ <u>1,086</u> monthly, maturing 2014	144,548
Repayable \$ _____ monthly, maturing _____	
Repayable \$ <u>1,679</u> monthly, maturing 2014	<u>228,377</u>

Total 221 1,786,932

222 Land, Buildings and Equipment Bank Loans

Repayable \$ _____ monthly, maturing _____	
Repayable \$ _____ monthly, maturing _____	
Repayable \$ _____ monthly, maturing _____	
Repayable \$ _____ monthly, maturing _____	
Repayable \$ _____ monthly, maturing _____	

Total 222 _____

Subtotal 1,786,932

223 Less: Current Maturities 188,598

Total Loans - Pupil Transportation \$ 1,598,340

Total Long Term Debt \$ 2,471,918

Grant Thornton

Burin Peninsula School Board Summary of Long Term Debt

Fourteen Months Ended August 31, 2004

Schedule 10A

Description	Ref. #	Rate	Balance, Beginning of Period	Loans Obtained During Period	Principal Repayments for Period	Balance, End of Period
A) School Construction				\$ 900,000		\$ 900,000
B) Equipment						
C) Service Vehicles	Prime	\$	18,337		\$ 6,427	11,910
D) Other - Deficit Financing	Prime			60,000	9,000	51,000
District Office	Prime			40,000	6,830	33,170
District Restructuring	Prime		112,665		103,278	9,387
Debt Restructuring	Prime		1,010,452		174,656	835,796
E) Pupil Transportation	Prime		41,250		6,016	35,234
Pupil Transportation	Prime		695,577		80,395	615,182
Pupil Transportation	Prime		446,060		58,362	387,697
Pupil Transportation	Prime		207,910		28,260	179,650
Pupil Transportation	Prime		23,212		8,124	15,088

Grant Thornton

Burin Peninsula School Board
Summary of Long Term Debt (Cont'd)

Fourteen Months Ended August 31, 2004

Schedule 10A

Pupil Transportation Prime	144,546	15,316	129,230
Pupil Transportation Prime	228,377	23,511	204,867
Pupil Transportation Prime	563,100	54,746	508,354
Pupil Transportation Prime	<u>624,373</u>	<u>8,672</u>	<u>615,701</u>
Total Loans	<u>\$ 2,928,386</u>	<u>\$ 2,187,473</u>	<u>\$ 583,593</u>
			<u>\$ 4,532,266</u>

Grant Thornton

Burin Peninsula School Board
Current Maturities

Fourteen Months Ended August 31, 2004

Schedule 10B

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>
A) School Improvements	\$ 94,433	
B) Equipment		
C) Service Vehicles	4,585 \$	5,508
D) Other -		
District Restructuring	16,047	112,665
Debt Restructuring	134,745	149,695
E) Pupil Transportation	239,618	188,600
Total	\$ <u>489,428</u>	\$ <u>456,468</u>

Grant Thornton &

Burin Peninsula School Board
Interest Expenses

Fourteen Months Ended August 31

2004

(Note 10)

2003

Schedule 10C

56 010

<u>Description</u>			
012	Capital		
	School Improvements	\$ 13,210	
	Equipment		
	Service Vehicles		
	Other - District Restructuring	2,780	\$ 11,217
	- Debt Restructuring	<u>52,629</u>	<u>51,550</u>
	Total Capital	<u>68,619</u>	<u>62,767</u>
013	Current - Operating Loans	4,787	3,850
	- Supplier Interest Charges	<u>14,416</u>	<u>3,540</u>
	Total Current	<u>19,203</u>	<u>7,390</u>
	Total Interest Expense	\$ <u>87,822</u>	\$ <u>70,157</u>

Grant Thornton

Burin Peninsula School Board
Supplementary Information

Fourteen Months Ended August 31

(Note 10)
2004 2003

		<u>Current</u>	<u>Capital</u>	<u>Combined</u>	<u>Combined</u>
1.	<u>Cash</u>				
	<u>Current</u>				
M 110	Cash on Hand and in Bank				
111	Cash on Hand			\$	200
112	Bank - Current	\$ 190,339		\$ 190,339	
113	- Savings	16,046		16,046	
114	- Teachers' Payroll	13,833		13,833	
115	- Non Teachers' Payroll	(45,226)		(45,226)	
116	- Coupon (Debenture)				
117	- Other (Cafeterias)				
	<u>Capital</u>				
11 210	Cash on Hand and in Bank				
211	Cash on Hand				
212	Bank - Current				
213	- Savings				
214	- Other (Specify)				
	Total Cash on Hand & in Bank	\$ 174,992		\$ 174,992	\$ 200
2.	<u>Short Term Investments</u>				
	<u>Current</u>				
11 121	Term Deposits			\$	15,213
122	Canada Savings Bonds				
123	Other (Specify)				
	<u>Capital</u>				
11 221	Term Deposits				
222	Canada Savings Bonds				
223	Other (Specify)				
	Total Short Term Investments			\$	15,213

Grant Thornton

Burin Peninsula School Board
Supplementary Information

Fourteen Months Ended August 31

(Note 10)
 2004 2003

		<u>Current</u>	<u>Capital</u>	<u>Combined</u>	<u>Combined</u>
3.	<u>Prepaid Expenses</u>				
	<u>Current</u>				
11 141	Insurance	\$ 3,883		\$ 3,883	\$ 3,402
142	Municipal Service				
	Fees	13,972		13,972	17,537
143	Supplies	106,327		106,327	96,390
144	Other	181,728		181,728	60,762
	Deferred Costs				3,788
	<u>Capital</u>				
11 241	Other (Specify)				
		\$ 305,910		\$ 305,910	\$ 181,879

Grant Thornton

BUSINESS INVESTMENT CORPORATION

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Business Investment Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Business Investment Corporation as at 31 March 2005 and the statements of equity, revenues and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
10 June 2005

STATEMENT 1

BUSINESS INVESTMENT CORPORATION
BALANCE SHEET

31 March

2005

2004

ASSETS

Cash (Note 2)	\$ 2,010,687	\$ 1,513,481
Loans and equity investments (Note 3)	9,372,734	11,336,068
Due from the Province	-	49
Insurance premium receivable	-	20,783
Long-term investments (Note 4)	9,422	9,422
	<u>\$ 11,392,843</u>	<u>\$ 12,879,803</u>

LIABILITIES AND EQUITY

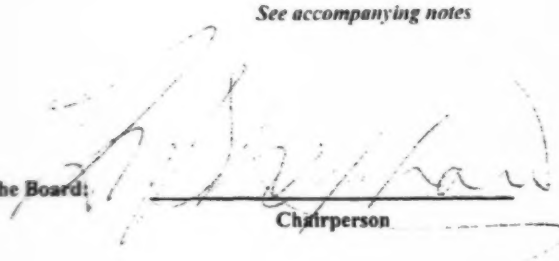
Borrowers' deposits	\$ 68,517	\$ 68,517
Equity	<u>11,324,326</u>	<u>12,811,286</u>
	<u>\$ 11,392,843</u>	<u>\$ 12,879,803</u>

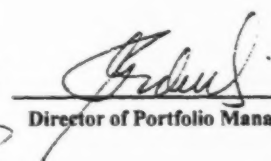
Contingent liabilities (Note 5)

Commitments (Note 6)

See accompanying notes

Signed on behalf of the Board:


 Chairperson


 Director of Portfolio Management

STATEMENT 2

BUSINESS INVESTMENT CORPORATION
STATEMENT OF EQUITY
For the Year Ended 31 March

	2005	2004
Contributed capital (Note 7)		
Balance, beginning of year	\$ 68,178,530	\$ 76,137,561
Aquaculture Working Capital Fund reserve (Note 2)	22,486	20,647
Capital contributions from the Province	3,178,900	1,621,500
Principal paid to the Province	(3,004,669)	(4,143,714)
Contributions disbursed as grants	(319,084)	(407,456)
Principal written off, net of recoveries (Note 3)	(8,291,324)	(5,050,008)
Balance, end of year	59,764,839	68,178,530
Deficit		
Balance, beginning of year	(55,367,244)	(61,064,521)
Investment income paid to the Province	(489,302)	(863,699)
Excess of revenues over expenses (expenses over revenues)	(875,291)	1,510,968
Principal written off, net of recoveries (Note 3)	8,291,324	5,050,008
Balance, end of year	(48,440,513)	(55,367,244)
Equity, end of year	\$ 11,324,326	\$ 12,811,286

See accompanying notes

STATEMENT 3

BUSINESS INVESTMENT CORPORATION
STATEMENT OF REVENUES AND EXPENSES
For the Year Ended 31 March

	2005	2004
REVENUES		
Interest on loans	\$ 675,841	\$ 994,861
Other investment income	30,299	47,027
Dividend income	5,662	97,161
Recovery in value of loans receivable and equity investments (Note 3)	-	362,641
Gain from demutualization	-	9,422
	<u>711,802</u>	<u>1,511,112</u>
EXPENSES		
Provision for decline in value of loans receivable and equity investments (Note 3)	1,566,155	-
Miscellaneous expense	20,938	144
	<u>1,587,093</u>	<u>144</u>
Excess of revenues over expenses (expenses over revenues)	\$ (875,291)	\$ 1,510,968

See accompanying notes

STATEMENT 4

BUSINESS INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2005	2004
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	\$ (875,291)	\$ 1,510,968
Adjustments for non-cash items		
Gain from demutualization	-	(9,422)
Provision for decline in value of loans receivable and equity investments	1,566,155	-
Recovery in value of loans receivable and equity investments	-	(362,641)
	690,864	1,138,905
Changes in non-cash operating items		
Due from the Province	49	1,008,246
Insurance premium receivable	20,783	-
	711,696	2,147,151
Cash flows from investing activities		
Increase in loans and equity investments	(3,172,515)	(3,162,670)
Collection of loans and equity investments	3,569,694	4,886,005
	397,179	1,723,335
Cash flows from financing activities		
Aquaculture Working Capital Fund reserve	22,486	20,647
Capital contributions from the Province	3,178,900	1,621,500
Principal paid to the Province	(3,004,669)	(4,143,714)
Contributions disbursed as grants	(319,084)	(407,456)
Investment income paid to the Province	(489,302)	(863,699)
	(611,669)	(3,772,722)
Net increase in cash	497,206	97,764
Cash, beginning of year	1,513,481	1,415,717
Cash, end of year	\$ 2,010,687	\$ 1,513,481

See accompanying notes

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Business Investment Corporation (the Corporation) was established under the authority of the *Business Investment Corporation Act*. The Corporation is funded by the Province of Newfoundland and Labrador (the Province) and is responsible for making available and managing investments in small to medium sized private businesses, co-operatives, community development corporations and other enterprises for the purpose of creating employment opportunities for the people of the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

The *Business Investment Corporation Act* came into force effective 1 April 2002. Under this *Act*, the Business Investment Corporation was incorporated and became the successor to Enterprise Newfoundland and Labrador Corporation, the Fisheries Loan Board and the Farm Development Loan Board. Also under this *Act*, the *Fisheries Loan Act*, the *Farm Development Loan Act*, the *Economic Recovery Commission Act* and the *Enterprise Newfoundland and Labrador Corporation Act* were repealed.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Loans receivable

The Corporation records loans receivable at cost. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability, or alternatively, at the estimated net realizable value of the underlying security.

(b) Equity investments

The Corporation records equity investments at cost. In certain circumstances, the Corporation may have acquired the right to appoint representatives to an equity investee's board of directors or it may have a significant influence on the strategic operating, investing and financing policies of the investee. However, because of the nature of the Corporation's investment process and the manner in which these positions were acquired, such control or significant influence may not in fact be exercised or the Corporation may not intend to maintain such positions. Accordingly the Corporation's equity investments for all companies in which the Corporation holds voting rights are accounted for on the cost basis.

Provision is made by the Corporation for any decline in the value of investee companies which is considered to be other than temporary.

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

1. Significant accounting policies (cont.)

(c) Revenue recognition

Interest income is accounted for on the accrual basis for all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Dividends are recorded as income when received.

2. Aquaculture Working Capital Fund

During the fiscal years 2000-01 to 2002-03, the Corporation received \$1.5 million from the Government of Canada to fund the Aquaculture Working Capital Fund (the Fund). The Fund assists individuals and companies in the shellfish industry throughout the Province through repayable loans. The Fund is a revolving fund in which loan repayments are not remitted to the Province but held by the Corporation to be paid out as future aquaculture loans.

As at 31 March 2005, the Fund had 19 loans outstanding totalling \$1,518,177 (2004 - 19 loans totalling \$1,479,866). During 2003-04, the Corporation established a separate loan portfolio and bank account to administer the Fund and assist in identifying payments that are received and held for future loans. As at 31 March 2005, the Fund had a balance of \$25,548 (2004 - \$55,250) which is included in these financial statements as part of cash.

3. Loans and equity investments

The determination of whether a loan is impaired and the appropriate carrying value of equity investments, involves significant judgement. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

3. Loans and equity investments (cont.)

Loans and equity investments consist of the following:

	<u>2005</u>	<u>2004</u>
Loans receivable		
Principal due and unpaid	\$ 22,975,201	\$ 25,308,386
Principal not yet due	17,592,047	22,222,734
Interest due and unpaid	3,520,412	4,532,297
	44,087,661	52,063,417
Less: allowance for decline in value	(35,561,456)	(41,744,474)
	8,526,205	10,318,943
Equity investments		
Equity investments, at cost	20,782,964	22,613,551
Less: allowance for decline in value	(19,936,435)	(21,596,426)
	846,529	1,017,125
Loans and equity investments	\$ 9,372,734	\$ 11,336,068

The allowance for the decline in value of loans receivable and equity investments consists of the following:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 63,340,900	\$ 70,122,705
Principal written off, net of recoveries	(8,291,324)	(5,050,008)
Interest written off, net of recoveries	(1,115,197)	(1,007,835)
Interest receivable adjustment	(2,643)	(361,321)
Provision for decline in value of loans receivable and equity investments	1,566,155	-
Recovery in value of loans receivable and equity investments	-	(362,641)
Balance, end of year	\$ 55,497,891	\$ 63,340,900

The allowance for decline in value of loans represents the Corporation's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

4. Long-term investments

Long-term investments consist of 673 shares of Sun Life Financial Services of Canada Incorporated which were given to the Corporation as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares are recognized at the fair market value of \$9,422 as determined by the share price at the time of the transfer of shares to the Corporation. The fair market value of these shares as at 31 March 2005 was \$21,899 (2004 - \$18,676).

5. Contingent liabilities

- (a) A client of the Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the Fisheries Loan Board Program. The amount of this potential claim is in the \$900,000 to \$1,100,000 range. In a matter related to this legal action, another party has been awarded a claim of \$1,800,000. The Province will not appeal this decision.
- (b) A client of the Corporation has filed a Notice of Intended Action against Her Majesty the Queen in Right of Newfoundland and Labrador and the Corporation because of an alleged breach of a bounty agreement. The client is seeking an estimated \$143,700 plus interest. The Statement of Claim issued in relation to this matter was acknowledged by both parties to be defective due to non-compliance with the *Proceedings Against the Crown Act*. There has been no further activity in relation to this claim since the summer of 1991.
- (c) There are three counter claims against the Corporation in relation to actions commenced by the Corporation to collect the deficiency balances owing on vessels that have been repossessed and sold. The total of these three counter claims is not expected to exceed \$39,000. In the opinion of the Corporation there is a good defense to these counter claims.
- (d) A client of the Corporation has taken legal action claiming that the marine inspectors of the Corporation were negligent in performing their survey of the client's vessel at the time financing was being considered. The plaintiffs are claiming general damages.
- (e) There is a third party claim against Her Majesty the Queen in Right of Newfoundland and Labrador and the Corporation by the defendants in an action by a bank to collect the deficiency balance on a loan to the defendants. The defendants are seeking indemnification and contribution for approximately \$400,000 plus interest. A defence will be filed in this action.
- (f) A statement of claim has been served on the Corporation by a company claiming a breach of contract. The company is claiming special damages of \$811,040, other general and unspecified damages, interest and costs associated with the action. The likelihood of loss as a result of this claim is not determinable.

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

6. Commitments

The Corporation has outstanding commitments in respect of approved but not yet disbursed loans, equity investments and/or grants in the amount of \$1,333,318 (2004 - \$1,181,383). In addition to these loan commitments the Corporation has outstanding loan guarantees of \$100,000 (2004 - \$250,000).

7. Contributed capital

The Corporation receives capital contributions from the Province and the Government of Canada for the purpose of making loans, equity investments, and providing business and market development grants. The Corporation depends on these capital contributions to carry out its mandate.

Contributed capital is reduced by the principal portion of loans collected and paid to the Province, the principal portion of loans written off, and by contributions which the Corporation disburses as grants under its Business and Market Development Program.

8. Financial instruments

The Corporation's financial instruments recognized on the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, loans and equity investments, due from the Province, insurance premium receivable, and borrowers' deposits. The carrying values of cash, due from the Province, insurance premium receivable, and borrowers' deposits approximate current fair value due to their nature and the short-term maturity or current market rate associated with these instruments.

The Corporation's loans and equity investments are recognized on the balance sheet at cost with provision being made for any decline in their value. Any estimated impairment of these loans and equity investments has been provided for through an allowance for decline in value and no further credit risk exists for these items. The carrying value of loans and equity investments approximates discounted value of expected receipts. Therefore, their carrying values approximate their current fair value and these instruments are not subject to any material interest rate risk.

9. Related party transactions

The Corporation is administered as a division of the Department of Innovation, Trade and Rural Development. Expenses of \$491,318 related to salaries, accommodations and administration are paid directly by the Department and no provision is made in these financial statements to reflect those expenditures.

BUSINESS INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

10. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

11. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

C.A. PIPPY PARK COMMISSION

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Commissioners
C.A. Pippy Park Commission
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the C.A. Pippy Park Commission as at 31 March 2005 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
14 June 2005

C.A. PIPPY PARK COMMISSION
BALANCE SHEET
31 March

2005

2004

ASSETS

Current

Cash	\$ 347,528	\$ 260,659
Accounts receivable (Note 2)	113,568	35,319
Merchandise inventory - at the lower of cost and net realizable value	13,527	14,232
Prepaid expenses	40,591	38,218
Prepaid supplies	10,747	9,392

525,961 357,820

Capital assets (Note 3)

132,229 92,443

\$ 658,190 \$ 450,263

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$ 97,227	\$ 90,526
Deferred revenue	15,898	15,188
Obligation under capital lease	-	6,444

113,125 112,158

Advance from Province of Newfoundland and Labrador (Note 4)

250,000 250,000

Accrued severance pay

143,684 127,720

506,809 489,878

Equity

Unexpended capital funds (Note 5)	65,886	69,842
Surplus (Deficit)	85,495	(109,457)

151,381 (39,615)

\$ 658,190 \$ 450,263

Contingent liabilities (Note 11)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Member

C.A. PIPPY PARK COMMISSION
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March

2005

2004

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Province of Newfoundland and Labrador (Note 6)			
Operating grant	\$ 400,000	\$ 400,000	\$ 400,000
Special projects	-	-	2,921
	400,000	400,000	402,921
Property sales	392,222	450,000	281,991
Trailer park	284,373	275,000	275,322
Golf course management fee (Note 7)	250,000	250,000	250,000
Services	168,098	173,000	180,274
Rental	126,578	139,000	138,926
Income from other revenue producing activities (Note 8)	88,181	93,000	97,769
Professional fees	73,788	70,000	56,713
Permit fees	-	-	16,614
Interest	5,998	5,000	7,342
Miscellaneous	2,705	1,000	7,246
	1,791,943	1,856,000	1,715,118
EXPENSES			
Advertising and promotion	11,275	5,500	10,629
Amortization	17,622	-	16,798
Bad debts	250,074	253,000	252,324
Building maintenance	58,508	90,000	77,707
Donation	3,588	2,000	3,250
Equipment maintenance	64,719	74,500	63,115
Heat, light and telephone	84,376	90,000	78,455
Honoraria	6,800	5,000	3,850
Insurance	95,011	100,000	87,777
Interest on capital lease obligation	549	1,500	1,213
Miscellaneous	19,282	68,100	23,489
Office	4,764	17,000	6,450
Professional fees	9,285	40,500	20,573
Real estate commissions	13,277	25,000	15,768
Salaries and employee benefits	929,159	947,000	957,965
Supplies	26,349	37,500	38,455
Training	1,897	1,000	929
Travel	456	4,000	529
	1,596,991	1,761,600	1,659,276
Excess of revenues over expenses	194,952	94,400	55,842
Deficit, beginning of year	(109,457)	(109,457)	(165,299)
Surplus (Deficit), end of year	\$ 85,495	\$ (15,057)	\$ (109,457)

See accompanying notes

C.A. PIPPY PARK COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2005	2004
Cash flows from operating activities		
Excess of revenues over expenses	\$ 194,952	\$ 55,842
Adjustment for non-cash items		
Amortization	17,622	16,798
	212,574	72,640
Changes in non-cash working capital		
Accounts receivable	(78,249)	22,578
Merchandise inventory	705	(634)
Prepaid expenses	(2,373)	(3,584)
Prepaid supplies	(1,355)	393
Accounts payable and accrued liabilities	6,701	4,725
Deferred revenue	710	(2,317)
	(73,861)	21,161
<u>Increase in accrued severance pay</u>	<u>15,964</u>	<u>13,391</u>
	154,677	107,192
Cash flows from investing activities		
Additions to capital assets - purchased from operating funds	(57,408)	(22,963)
Additions to capital assets - purchased from unexpended capital funds	(3,956)	(112,063)
	(61,364)	(135,026)
Cash flows from financing activities		
Repayment of lease obligation	(6,444)	(14,554)
	(6,444)	(14,554)
Net increase (decrease) in cash	86,869	(42,388)
Cash, beginning of year	260,659	303,047
Cash, end of year	\$ 347,528	\$ 260,659

See accompanying notes

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The C.A. Pippy Park Commission (the Commission) was incorporated in 1968 and operates under authority of the *Pippy Park Commission Act*. The purpose of the Commission is to provide a park-like setting to house the headquarters of the Provincial Government, as well as various government, cultural, educational facilities and Memorial University of Newfoundland. Its affairs are managed by a Board of Commissioners, the majority of whom are appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

- (i) All capital assets are capitalized at cost at the time of acquisition. Government assistance towards the acquisition of capital assets is deducted from the related capital asset cost with any amortization calculated on the net amount. Amortization is calculated using the declining balance method based on the expected future life of all assets as follows:

Furniture, equipment and vehicles	30%
Recreation centres	10%
Buildings	10%
Park improvements	10%

- (ii) Capital assets are financed primarily through capital grants from the Province of Newfoundland and Labrador. The expended portion of these grants is deducted from capital assets on the balance sheet. The unexpended portion is reported in the equity section on the balance sheet.
- (iii) The cost of building acquisitions is included with land where the primary reason for purchasing the properties is to acquire the land. Where the Commission intends to maintain the buildings for Park use, cost is allocated between land and buildings.

(b) Severance pay

Severance pay is calculated based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment in the public service. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

1. Significant accounting policies (cont.)

(c) Deferred revenue

Deferred revenue represents revenue related to future operating periods. The revenue will be reported in the applicable future period to which it relates.

2. Accounts receivable

	<u>2005</u>	<u>2004</u>
Management fee	\$ 750,000	\$ 500,000
Trade	114,108	35,296
Accrued interest and other	1,389	1,953
	<u>865,497</u>	<u>537,249</u>
Less: allowance for doubtful accounts	<u>751,929</u>	<u>501,930</u>
Net accounts receivable	<u>\$ 113,568</u>	<u>\$ 35,319</u>

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

3. Capital assets

	2005			2004	
	<u>Cost</u>	<u>Capital Grants</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land (Note 3 (a))					
Park	\$ 6,214,948	\$ 6,185,798	\$ -	\$ 29,150	\$ -
Golf course (Note 7)	1,809,696	1,809,696	-	-	-
	8,024,644	7,995,494	-	29,150	-
Furniture, equipment and vehicles					
Office furniture and equipment	35,524	10,230	21,269	4,025	3,838
Furniture and equipment -					
19 th Hole Lounge	60,304	34,662	19,497	6,145	821
North Bank Lodge	14,070	12,708	204	1,158	-
Trailer park	5,291	-	3,740	1,551	2,216
Equipment	193,035	91,660	81,806	19,569	4,814
Vehicles	122,841	122,841	-	-	-
Equipment under capital lease	-	-	-	-	16,960
	431,065	272,101	126,516	32,448	28,649
Recreation centres					
19 th Hole Lounge	122,409	76,640	42,104	3,665	4,073
North Bank Lodge	47,709	38,132	8,658	919	1,021
Admiral's Quarters	5,424	5,424	-	-	-
Salon C - Clubhouse	5,301	5,301	-	-	-
	180,843	125,497	50,762	4,584	5,094
Buildings					
Trailer park service buildings	351,013	351,013	-	-	-
Headquarters	81,162	81,162	-	-	-
Andrea Gillies					
Equestrian Centre	177,881	98,138	72,263	7,480	8,312
Mechanic shop	51,362	16,970	27,122	7,270	8,078
Greenhouses	56,538	56,538	-	-	-
Registration offices	63,041	59,129	3,435	477	530
	780,997	662,950	102,820	15,227	16,920
Other assets					
Park improvements	1,125,841	1,030,059	46,462	49,320	41,780
Artwork	1,500	-	-	1,500	-
	1,127,341	1,030,059	46,462	50,820	41,780
	\$ 10,544,890	\$ 10,086,101	\$ 326,560	\$ 132,229	\$ 92,443

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

3. Capital assets (cont.)

(a) Capital assets not included in financial statements

Land purchased directly by the Provincial Government and forming part of C.A. Pippy Park is not recorded in these financial statements. The land recorded in these financial statements represents land purchased directly by the Commission from capital grants.

Capital improvements made by third parties are not recorded in these financial statements.

(b) Title to Commission property

Under Section 10(4) of the *Pippy Park Commission Act*, title to property of the Commission is vested in the name of the Minister of Finance, for the Crown.

4. Advance from Province of Newfoundland and Labrador

On 30 March 2001, the Commission received a repayable advance in the amount of \$250,000 from the Province of Newfoundland and Labrador. There are no set terms of repayment. The advance payable remained outstanding at year end.

5. Unexpended capital funds

The amounts recorded as unexpended capital funds were provided by the Province of Newfoundland and Labrador in the past to assist the Commission with the acquisition of capital assets. Transactions occurring in the unexpended capital funds account during the year were:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 69,842	\$ 181,905
Less: purchases of capital assets	3,956	112,063
<u>Balance, end of year</u>	<u>\$ 65,886</u>	<u>\$ 69,842</u>

6. Related party transactions

- (a) During the year, the Commission received \$400,000 (2004 - \$402,921) from the Province.
- (b) Services and rental revenue include a significant volume of transactions with the Province as a result of ongoing contracts.

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

7. Golf course

In August 1989, the Province of Newfoundland and Labrador (the Province) and the Commission entered into a lease agreement with Thomas Development (1989) Corporation (the Corporation) wherein the Province provided land, previously purchased by the Commission and included within the boundaries of C.A. Pippy Park, and the Corporation agreed to construct an 18 hole golf course along with an access road. The lease had an initial term of ten years and provided for a maximum of three five-year extensions for a total of twenty-five years.

The Corporation surrendered the lease on 20 November 1997 and entered into a Management Agreement with the Commission which had a term from 20 November 1997 to 31 December 2004. This Agreement has been extended for an additional year. The Agreement is for the management and operation of both the 9 hole and 18 hole golf courses.

Under the terms of the Agreement, the Corporation is required to pay management fees of \$250,000 to the Commission for each of the years 2002 to 2006. Management fees of \$250,000 for 2002 were subsequently waived by the Commission. The management fees for 2003, 2004 and 2005 totalling \$750,000, remain outstanding and are considered doubtful of collection.

8. Income from other revenue producing activities

	2005		2004
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
19 th Hole Lounge	\$ 167,984	\$ 185,000	\$ 185,062
North Bank Lodge	6,982	4,000	4,378
Salon C - Clubhouse	6,154	6,000	6,344
	181,120	195,000	195,784
Less: cost of goods sold	92,939	102,000	98,015
	\$ 88,181	\$ 93,000	\$ 97,769

9. Pensions

The Commission and its staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2005 was \$42,717 (2004 - \$45,905).

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

10. Operating lease obligation

A vehicle has been leased for a four-year term commencing 13 June 2001. Minimum lease payments for the next year is as follows:

2006	\$ 781
------	--------

11. Contingent liabilities

- (a) A Statement of Claim has been served on the Commission by the Registrar of the Supreme Court of Newfoundland and Labrador. This Statement of Claim results from the failure of the Commission to purchase a parcel of land which is included within the boundaries of the Park or to release this parcel of land for sale to other parties. The land is comprised of 40.2 acres in total, 17.0 acres of which are included within the boundaries of the Park. This issue has now been resolved and development is proceeding on this property. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of the loss is not reasonably estimable. Her Majesty the Queen in Right of Newfoundland and Labrador, as represented by the Minister of Works, Services and Transportation, (now represented by the Minister of Finance) is named as a Second Defendant in the Statement of Claim.
- (b) In July 1999, a Statement of Claim against the operator of the golf course was filed in the Supreme Court of Newfoundland and Labrador. The Statement of Claim results from a personal injury suffered on the golf course. The Commission is named as a Second Defendant in the Statement of Claim and Her Majesty the Queen in Right of Newfoundland and Labrador is named Third Defendant. The Statement of Claim was not served on the parties named until June 2000. The likelihood of loss as a result of this Statement of Claim is not determinable and the amount of the loss is not reasonably estimable.
- (c) In April 2002, the Commission received correspondence from legal counsel representing the estate of an individual who owned a parcel of land located within the boundaries of the Park. The letter indicated that if an agreement cannot be made between the Commission and representatives of the estate with respect to the purchase of the parcel of land for fair market value then legal action would be commenced against the Commission on the basis of constructive expropriation of the property without compensation. As legal action has not yet commenced on this matter the likelihood of loss is not determinable and the amount of the loss is not reasonably estimable.

12. Financial instruments

The Commission's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

C.A. PIPPY PARK COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

13. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Commission's ability to continue operations is dependent on the decisions of the Province.

14. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

15. Subsequent events

In May 2005, the Commission transferred management of the 19th Hole Lounge and Salon C to Thomas Development (1989) Corporation. The Commission also removed bar service from the North Bank Lodge.

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2005

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Consolidated

Balance Sheet

March 31, 2005

2005

2004

Assets

Current assets:

Receivables (Note 3)	\$ 3,878,232	3,793,475
Inventories (Note 4)	1,074,010	919,894
Prepays (Note 5)	<u>1,467,412</u>	<u>1,790,406</u>

Total current assets 6,419,654 6,503,775

Deposit on purchase of capital assets	-	196,576
Due from NLHC for replacement reserve (Note 12)	134,403	134,403
Residents' trust funds held on deposit	175,259	193,067
Capital assets (Note 6)	<u>17,524,906</u>	<u>16,023,848</u>

\$ 24,254,222 23,051,669

Liabilities

Current liabilities:

Bank indebtedness (Note 7)	\$ 6,627,037	8,140,384
Payables and accruals (Note 8)	8,708,996	7,124,225
Accrued vacation pay	3,671,583	3,392,801
Deferred capital equipment donations	171,138	265,713
Deferred capital grants	1,661,637	1,608,897
Current portion of obligations under capital lease	144,000	45,000
Current portion of long-term debt	241,097	229,052
Current portion of accrued severance pay - estimated	<u>600,000</u>	<u>500,000</u>

Total current liabilities 21,825,488 21,306,072

Long-term debt (Note 9)	4,073,868	4,315,424
Obligations under capital lease (Note 10)	419,804	87,193
Trust funds payable	175,259	193,067
Accrued severance pay, less current portion of \$600,000	7,860,402	8,196,869
Unamortized deferred contributions related to capital assets (Note 11)	12,502,765	11,514,002
Replacement reserve (Note 12)	134,403	134,403
J.M. Olds scholarship and library funds	<u>91,360</u>	<u>88,532</u>
	<u>47,083,349</u>	<u>45,835,562</u>

Net assets, per accompanying statement

Net assets invested in capital assets	171,904	23,484
Unrestricted net assets	<u>(23,001,031)</u>	<u>(22,807,377)</u>
	<u>(22,829,127)</u>	<u>(22,783,893)</u>

\$ 24,254,222 23,051,669

See accompanying notes

Approved:

 Chairman

 Secretary-Treasurer

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Consolidated

Statement of Changes in Net Assets

Year ended March 31, 2005

		<u>2005</u>		<u>2004</u>
	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$ 23,484	(22,807,377)	(22,783,893)	(21,174,229)
Excess (deficiency) of revenue over expenditure	(180,903)	135,669	(45,234)	(1,609,664)
Investment in capital assets (Note 13)	<u>329,323</u>	<u>(329,323)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$ 171,904</u>	<u>(23,001,031)</u>	<u>(22,829,127)</u>	<u>(22,783,893)</u>

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Consolidated

Statement of Cash Flow

Year ended March 31, 2005

2005

2004

Cash flows:

Operations:

Deficiency of revenue over expenditure	\$ (45,234)	(1,609,664)
Amortization	2,299,882	5,209,601
Loss (gain) on disposal of equipment	1,845	(37,530)
Amortization of deferred capital grants	<u>(2,118,979)</u>	<u>(4,574,338)</u>
	137,514	(1,011,931)

Changes in:

Receivables	(84,757)	(1,150,322)
Inventories	(154,116)	(103,801)
Prepays	322,994	(128,686)
Payables and accruals	1,584,771	737,567
Accrued vacation pay	278,782	296,910
Deferred capital equipment donations	(94,575)	(12,788)
Deferred capital grants	52,740	437,067
Accrued severance pay	<u>(236,467)</u>	<u>731,714</u>
	<u>1,806,886</u>	<u>(204,270)</u>

Investing:

Deposit on purchase of capital assets	196,576	(146,239)
Additions to capital assets	(3,317,122)	(3,230,134)
Additions to leased capital assets	(531,422)	-
Proceeds from disposal of capital assets	45,760	46,998
Sponsorships and advances - net	-	626
	<u>(3,606,208)</u>	<u>(3,328,749)</u>

Financing:

Repayment of long-term debt	(229,511)	(195,021)
Repayment of capital leases	(99,812)	(65,981)
Net changes in J. M. Olds funds	2,828	2,997
Grants received for the purchase of capital assets	2,463,374	2,429,953
Donations received for the purchase of capital assets	657,327	387,268
Unamortized grants on capital asset disposals	(12,959)	-
Equipment loan forgiven	-	2,346
New loan proceeds for Bell Building	-	550,000
Proceeds from capital leases	<u>531,422</u>	-
	<u>3,312,669</u>	<u>3,111,562</u>

Net increase (decrease) in cash 1,513,347 (421,457)

Cash, net of bank indebtedness:

Beginning	<u>(8,140,384)</u>	<u>(7,718,927)</u>
Ending (Note 7)	<u>\$ (6,627,037)</u>	<u>(8,140,384)</u>

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Balance Sheet

March 31, 2005	2005	2004
Assets		
Current assets:		
Receivables (Note 3)	\$ 3,754,432	3,789,118
Inventories (Note 4)	1,074,010	919,894
Prepays (Note 5)	<u>1,467,412</u>	<u>1,790,406</u>
Total current assets	6,295,854	6,499,418
Deposit on purchase of capital assets	-	196,576
Due from Board Fund	1,447,279	1,074,741
Residents' trust funds held on deposit	175,259	193,067
Capital assets (Note 6)	<u>16,255,460</u>	<u>14,677,242</u>
	<u>\$ 24,173,852</u>	<u>22,641,044</u>
Liabilities		
Current liabilities:		
Bank indebtedness (Note 7)	\$ 6,664,248	8,177,595
Payables and accruals (Note 8)	8,691,665	7,109,795
Accrued vacation pay	3,671,226	3,393,292
Deferred capital grants	1,661,637	1,608,897
Current portion of obligations under capital lease	144,000	45,000
Current portion of long-term debt	214,982	204,310
Current portion of accrued severance pay	<u>600,000</u>	<u>500,000</u>
Total current liabilities	21,647,758	21,038,889
Long-term debt (Note 9)	3,255,398	3,470,764
Obligations under capital lease (Note 10)	419,804	87,194
Trust funds payable	175,259	193,067
Accrued severance pay, less current portion of \$600,000	7,860,402	8,196,869
Unamortized deferred contributions related to capital assets (Note 11)	<u>12,502,765</u>	<u>11,514,002</u>
	<u>45,861,386</u>	<u>44,500,785</u>
Net assets, per accompanying statement:		
Net assets invested in capital assets	(323,035)	(489,153)
Unrestricted net assets	<u>(21,364,499)</u>	<u>(21,370,588)</u>
	<u>(21,687,534)</u>	<u>(21,859,741)</u>
	<u>\$ 24,173,852</u>	<u>22,641,044</u>

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Statement of Changes in Net Assets

Year ended March 31, 2005

	<u>2005</u>			<u>2004</u>
	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	<u>\$(489,153)</u>	<u>(21,370,588)</u>	<u>(21,859,741)</u>	<u>(20,541,942)</u>
Excess (deficiency) of revenue over expenditure	<u>(138,388)</u>	<u>310,595</u>	<u>172,207</u>	<u>(1,317,799)</u>
Investment in capital assets (Note 13)	<u>304,506</u>	<u>(304,506)</u>	<u>-</u>	<u>-</u>
Balance, ending	<u>\$(323,035)</u>	<u>(21,364,499)</u>	<u>(21,687,534)</u>	<u>(21,859,741)</u>

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

OPERATING FUND

Statement of Cash Flow Year ended March 31, 2005

	2005	2004
Cash flows:		
Operations:		
Excess (deficiency) of revenue over expenditure	\$ 172,207	(1,317,799)
Amortization	2,257,367	5,165,754
Loss on disposal of equipment	12,959	6,624
Amortization of deferred capital grants	<u>(2,118,979)</u>	<u>(4,574,338)</u>
	323,554	(719,759)
Changes in:		
Receivables	34,686	(1,162,176)
Inventories	(154,116)	(103,801)
Prepays	322,994	(128,686)
Due from Board Fund	(372,538)	(270,705)
Payables and accruals	1,581,870	736,624
Accrued vacation pay	277,934	297,081
Deferred capital grants	52,740	437,067
Accrued severance pay	<u>(236,467)</u>	<u>731,714</u>
	<u>1,830,657</u>	<u>(182,641)</u>
Investing:		
Deposit on purchase of capital assets	196,576	(146,239)
Additions to capital assets	(3,317,122)	(3,230,134)
Additions to leased capital assets	(531,422)	-
Proceeds from disposal of capital assets	-	2,844
	<u>(3,651,968)</u>	<u>(3,373,529)</u>
Financing:		
Repayment of long-term debt	(204,694)	(171,666)
Repayment of capital leases	(99,812)	(65,981)
Grants received for the purchase of capital assets	2,463,374	2,429,953
Donations received for the purchase of capital assets	657,327	387,268
Unamortized grants on capital asset disposals	(12,959)	-
Equipment loan forgiven	-	2,346
New loan proceeds	-	550,000
Proceeds from capital leases	<u>531,422</u>	<u>-</u>
	<u>3,334,658</u>	<u>3,131,920</u>
Net increase (decrease) in cash	1,513,347	(424,250)
Cash, net of bank indebtedness:		
Beginning	<u>(8,177,595)</u>	<u>(7,753,345)</u>
Ending (Note 7)	<u><u>\$(6,664,248)</u></u>	<u><u>(8,177,595)</u></u>

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

BOARD FUND

Balance Sheet

March 31, 2005

2005

2004

Assets

Current assets:

Cash	\$ 37,211	37,211
Receivables (Note 3)	<u>123,800</u>	<u>4,357</u>
Total current assets	161,011	41,568

Due from NLHC for replacement reserve (Note 12)

134,403 134,403

Capital assets (Note 6)

1,269,446 1,346,606

\$ 1,564,860 1,522,577

Liabilities

Current liabilities:

Payables and accruals (Note 8)	\$ 17,331	14,430
Accrued vacation pay	357	(492)
Deferred capital equipment donations	171,138	265,713
Current portion of long-term debt	<u>26,115</u>	<u>24,742</u>

Total current liabilities 214,941 304,393

Long-term debt (Note 9)

818,470 844,660

Due to Operating Fund

1,447,279 1,074,741

Replacement reserve (Note 12)

134,403 134,403

J.M. Olds scholarship and library funds

91,360 88,532

2,706,453 2,446,729

Net assets, per accompanying statement:

Net assets invested in capital assets	494,939	435,312
Unrestricted net assets	<u>(1,636,532)</u>	<u>(1,359,464)</u>

(1,141,593) (924,152)

\$ 1,564,860 1,522,577

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

BOARD FUND

Statement of Cash Flow

Year ended March 31, 2005	2005	2004
Cash flows:		
Operations:		
Deficiency of revenue over expenditure	\$ (217,441)	(291,865)
Amortization	42,515	43,847
Gain on disposal of property	(11,114)	(44,154)
	(186,040)	(292,172)
Changes in:		
Receivables	(119,443)	11,854
Payables and accruals	2,901	943
Accrued vacation pay	849	(171)
Deferred capital equipment donations	(94,575)	(12,788)
	(396,308)	(292,334)
Investing:		
Sponsorships and advances - net	-	626
Proceeds on disposal of property	45,760	44,154
Additions to capital assets	-	-
	45,760	44,780
Financing:		
Repayment of long-term debt	(24,817)	(23,355)
New loan proceeds	-	-
Interest earned by J.M. Olds funds	3,578	3,747
Payments from J. M. Olds scholarship fund	(750)	(750)
Increase in due to operating fund	372,537	270,705
	350,548	250,347
Net increase in cash	-	2,793
Cash:		
Beginning	37,211	34,418
Ending (Note 7)	\$ 37,211	37,211

See accompanying notes

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2005

1. Nature of operations:

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Central East Health Care Institutions Board.

Facilities

James Paton Memorial Hospital
Fogo Island Hospital
Notre Dame Bay Memorial Health Care
Brookfield Bonnews Health Care Centre

Lakeside Homes
Bonnews Lodge Apartment Complex
Central Northeast Health Foundation

Clinics

Carmanville
Centreville
Eastport
Gambo
Gander Bay

Glovertown
Hare Bay
Musgrave Harbour
New World Island
St. Brendan's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Board.

2. Summary of significant accounting policies:

Inventories

Inventories are valued determined on the first in first out basis, as follows:

General stores, at average cost
Drugs, at cost

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are being amortized on a straight line basis over their useful lives, at the following rates:

Buildings and service equipment	2.5%
Equipment	12.5%
Information systems	33.3%
Motor vehicles	20.0%

(Continued . . .)

CENTRAL EAST HEALTH CARE INSTITUTIONS BOA RD

Notes to the Financial Statements

March 31, 2005

3. Receivables:

		2005		2004
	Operating Fund	Board Fund	Consolidated	Consolidated
Provincial plan grants - operating	\$ 282,486	-	282,486	225,410
Capital grants	1,219,323	-	1,219,323	1,288,500
Patients, capital donations, rents and other	1,448,108	500	1,448,608	1,081,062
MCP	792,211	-	792,211	1,188,671
HST	189,912	-	189,912	196,102
Receivables - Dialysis Campaign	-	123,300	123,300	-
Due from Newfoundland and Labrador Housing Corporation	-	-	-	4,357
	3,932,040	123,800	4,055,840	3,984,102
Allowance for doubtful	177,608	-	177,608	190,627
	<u>\$ 3,754,432</u>	<u>123,800</u>	<u>3,878,232</u>	<u>3,793,475</u>

4. Inventories:

	2005	2004
General stores	\$ 419,434	424,147
Drugs	654,576	495,747
	<u>\$ 1,074,010</u>	<u>919,894</u>

5. Prepaids:

	2005	2004
Deposit on equipment leases	\$ 6,190	7,415
Equipment maintenance	127,968	158,525
Malpractice and membership fees	112,033	133,028
General insurance	26,658	69,653
Workers' Compensation	1,112,243	1,306,356
Other	82,320	115,429
	<u>\$ 1,467,412</u>	<u>1,790,406</u>

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2005

8. Payables and accruals:

	2005			2004
	Operating Fund	Board Fund	Consolidated Totals	Total
Trade	\$ 4,697,030	-	4,697,030	3,923,955
Provincial Plan revenue grants - current year	18,739	-	18,739	150,160
Due to Newfoundland and Labrador Housing Corporation	-	5,081	5,081	-
Employee portion of EI premiums reduction	13,064	-	13,064	14,847
Payroll deductions	929,439	-	929,439	971,609
Unused donations - education	55,328	-	55,328	42,900
Residents comfort fund	22,959	-	22,959	22,722
Deferred Primary Health Funding	212,845	-	212,845	-
Accrued - wages	2,699,215	-	2,699,216	1,936,707
- interest	16,809	12,250	29,059	32,198
- other	26,236	-	26,236	29,127
	<u>\$ 8,691,665</u>	<u>17,331</u>	<u>8,708,996</u>	<u>7,124,225</u>

9. Long-term debt:

	2005	2004
Operating Fund:		
5.9% CMHC 1 st mortgage on Bonnews Lodge; repayable in equal monthly installments of \$10,547, interest included; maturing April, 2011	\$ 646,923	733,097
6.45% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$15,251, interest included; maturing April, 2020	1,771,610	1,839,716
7.5% CMHC mortgage on Lakeside Homes; repayable in equal monthly installments of \$4,574, interest included; maturing July, 2023	550,743	564,485
Prime plus 1% Bank of Nova Scotia deferred demand loan; repayable in equal monthly installments of \$3,056, plus interest; maturing November, 2018	<u>501,104</u>	<u>537,776</u>
	<u>3,470,380</u>	<u>3,675,074</u>
Less current portion	<u>214,982</u>	<u>204,310</u>
	<u>3,255,398</u>	<u>3,470,764</u>

(Continued)

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2005

9. Long-term debt (continued):

Interest subsidy:

The Board has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2005 was \$111,988 for the Operating Fund facilities and \$60,636 for the Bonnews Lodge Apartment Complex.

10. Obligations under capital lease:

The Board has entered into a number of agreements whereby it leases certain equipment for terms ranging from three to six years. These leases are accounted for as capital leases with the Board treating the equipment as an acquisition of an asset and the assumption of an obligation. The effective interest rates range from 6.3% to 16.37%.

The following is a schedule of future minimum lease payments under the capital leases:

	<u>2005</u>	<u>2004</u>
Year ending March 31		
2005	\$ -	67,160
2006	171,346	56,864
2007	136,299	22,404
2008	113,895	-
2009	113,895	-
2010	<u>110,088</u>	<u>-</u>
Total minimum lease payments	645,523	146,428
Less amount representing interest	<u>81,719</u>	<u>14,234</u>
Balance of obligation	563,804	132,194
Less current portion	<u>144,000</u>	<u>45,000</u>
	<u>\$ 419,804</u>	<u>87,194</u>

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2005

11. Unamortized deferred contribution related to capital assets:

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contributions for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning	\$ 11,514,002	13,268,773
Add:		
Capital equipment grants	2,463,374	2,429,953
Donated equipment	657,327	387,268
Equipment loans forgiven	-	2,346
	<u>14,634,703</u>	<u>16,088,340</u>
Deduct:		
Unamortized grants on disposals	12,959	-
Amortization	<u>2,118,979</u>	<u>4,574,338</u>
	<u>2,131,938</u>	<u>4,574,338</u>
Balance, ending	<u>\$ 12,502,765</u>	<u>11,514,002</u>

12. Replacement reserve:

	<u>2005</u>			<u>2004</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$109,252	25,151	134,403	134,403
Interest earned	-	-	-	-
Balance, ending	<u>\$109,252</u>	<u>25,151</u>	<u>134,403</u>	<u>134,403</u>

CENTRAL EAST HEALTH CARE INSTITUTIONS BOARD

Notes to the Financial Statements

March 31, 2005

15. Contingency

As of March 31, 2005 there were a number of legal claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

16. Subsequent event:

On April 1, 2005 the Central East Health Care Institutions Board was amalgamated with Central Regional Health and Community Services Board and Central West Health Corporation to form Central Regional Integrated Health Authority.

**CENTRAL REGIONAL HEALTH AND COMMUNITY
SERVICES BOARD**

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2005

AUDITORS' REPORT

To the directors of **Central Regional Health and Community Services Board**

We have audited the statement of financial position of **Central Regional Health and Community Services Board** as at March 31, 2005 and the statements of changes in net assets, operations, cash flow and operations and fund balance - Board Fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Walters Hoffe
Chartered Accountants

Gander, Newfoundland

June 29, 2005

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Financial Position

March 31, 2005

2005

2004

Assets

Current assets:

Receivables (Note 3)

\$ 496,089 466,746

Prepaid expenses

355,734 410,051

Total current assets

851,823 876,797

Capital assets (Note 4)

459,685 530,731

\$ 1,311,508 1,407,528

Liabilities and Equity

Current liabilities:

Due to bank - on current account (Note 5)

\$ 448,642 268,047

- on demand loan (Note 5)

1,070,000 1,695,000

Payables and accruals

1,900,890 1,444,867

Accrued vacation pay

999,544 1,027,700

Deferred grants (Note 6)

1,559,126 1,388,974

Current portion of accrued severance pay (Note 2(d))

100,000 100,000

Total current liabilities

6,078,202 5,924,588

Due to Board Fund(Schedule 1)

133,831 548,891

Accrued severance pay (Note 2(d))

2,225,300 2,211,600

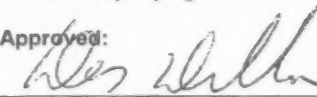
Equity (deficit), per accompanying statement

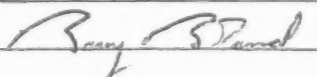
(7,125,825) (7,277,551)

\$ 1,311,508 1,407,528

See accompanying notes

Approved:

 Chairman

 Administrator (ACTIVE)

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Changes in Net Assets

Year ended March 31, 2005

	<u>2005</u>			<u>2004</u>
	<u>Operating</u>	<u>Unfunded Severance and Vacation Pay</u>	<u>Capital Assets</u>	<u>Total</u>
Balance (deficit), beginning	<u>\$(3,953,251)</u>	<u>(3,339,300)</u>	<u>15,000</u>	<u>(7,277,551)</u>
Current year's surplus (deficit), per accompanying statement	<u>137,270</u>	<u>14,456</u>	<u>-</u>	<u>(1,293,227)</u>
Balance (deficit), ending	<u><u>\$(3,815,981)</u></u>	<u><u>(3,324,844)</u></u>	<u><u>15,000</u></u>	<u><u>(7,125,825)</u></u>

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Operations

Year ended March 31, 2005

2005

2004

Revenue:		
Provincial government operating grant	\$ 42,506,296	41,801,245
National child benefit	992,005	1,263,186
Early childhood development	755,229	842,473
Early learning and child care initiatives	262,450	-
Board fund grant (Note 10)	300,516	26,172
MCP revenue	167,016	152,279
Other revenue (Note 7)	<u>743,811</u>	<u>731,668</u>
Total revenue	<u>45,727,323</u>	<u>44,817,023</u>
Shareable expenditures:		
Administrative and support services	<u>4,129,952</u>	<u>3,874,801</u>
Community and social services:		
Addiction	335,097	359,359
Continuing care	12,852,603	13,193,515
Health promotion	3,212,096	3,231,077
Health protection	194,261	187,850
Mental health	784,820	889,849
Child youth FS	7,076,715	7,493,798
Family rehab	16,169,295	15,778,236
Community corrections	<u>835,214</u>	<u>863,965</u>
	<u>41,460,101</u>	<u>41,997,649</u>
Total shareable expenditures	<u>45,590,053</u>	<u>45,872,450</u>
Excess (deficiency) of revenue over expenditures from operations	137,270	(1,055,427)
Non-shareable expenditures (income):		
Amortization of deferred capital grants	(135,369)	(154,353)
Amortization of capital assets	135,369	154,353
Accrued - severance pay	13,700	129,600
- vacation pay	<u>(28,156)</u>	<u>108,200</u>
	<u>(14,456)</u>	<u>237,800</u>
Excess (deficiency) of revenue over expenditures	<u>\$ 151,726</u>	<u>(1,293,227)</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Statement of Cash Flow

Year ended March 31, 2005

2005

2004

Cash flows:

Operations:

Excess (deficiency) of revenue over expenditures	\$ 151,726	(1,293,227)
Amortization of capital assets	135,369	154,353
Amortization of deferred capital grants	(135,369)	(154,353)
	<u>151,726</u>	<u>(1,293,227)</u>

Changes in:

Receivables	(29,343)	1,919,494
Prepaid expenses	54,317	38,264
Payables and accruals	456,023	(112,496)
Accrued vacation pay	(28,156)	108,200
Deferred operating grant	226,860	(552,972)
Due to Board Fund	(415,060)	18,458
Accrued severance pay	<u>13,700</u>	<u>129,600</u>
	<u>430,067</u>	<u>255,321</u>

Investing:

Purchase of capital assets	(64,323)	(84,516)
----------------------------	-----------	-----------

Financing:

Contributions from Board Fund re capital assets	45,692	4,548
Capital grants	<u>32,969</u>	<u>18,919</u>
	<u>78,661</u>	<u>23,467</u>

Net increase in cash and cash equivalents

444,405 194,272

Cash and cash equivalents:

Beginning (1,963,047) (2,157,319)

Ending

\$ (1,518,642) (1,963,047)

Cash and cash equivalents:

Due to bank - on current account \$(448,642) (268,047)

- on demand loan (1,070,000) (1,695,000)

\$ (1,518,642) (1,963,047)

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Schedule 1.

Statement of Operations and Fund Balance
Board Fund

Year ended March 31, 2005

2005

2004

Revenue:		
Interest and donations	<u>\$ 67,317</u>	<u>126,868</u>
Expenditures:		
Legal fees	8,210	4,703
Board meetings, conferences and insurance	6,601	6,308
Volunteer manual	-	50,000
Central West hospital project	50,000	-
Bussing pilot project	10,000	-
Your-Strength-Is-Our-Strength Club	5,000	-
Donations and miscellaneous	8,944	6,753
Fees and dues	7,198	8,822
Interest expense	<u>4,448</u>	<u>1,104</u>
	<u>100,401</u>	<u>77,690</u>
Excess (deficiency) of revenue over expenditures	<u>\$(33,084)</u>	<u>49,178</u>
Fund balance:		
Balance, beginning	\$ 548,891	530,433
Transferred to operating revenue (Note 10)	(336,284)	(26,172)
Transferred to capital expenditures	(45,692)	(4,548)
Excess (deficiency) of revenue over expenditures (above)	<u>(33,084)</u>	<u>49,178</u>
Balance, ending	<u>\$ 133,831</u>	<u>548,891</u>

See accompanying notes

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 2005

1. Nature of organization:

The Central Regional Health and Community Services Board is responsible for ensuring that residents of Central Newfoundland have access to quality services and programs enabling them to achieve an optimum level of health, consistent with government policy and within available resources.

The Board operates under the Health and Community Services Act with funding provided by the Government of Newfoundland and Labrador and is exempt from income taxes under the Income Tax Act.

2. Significant accounting policies:

These financial statements have been prepared in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant by the Board.

(a) Capital assets:

Major equipment purchases are recorded at full cost except for assets transferred under restructuring program in 1994 and 1999, which are recorded at estimated fair market value.

The Board provides for amortization on its capital assets on the diminishing balance basis at the following rates:

Building	5%
Equipment	20%
Computer equipment	30%

(b) Deferred contributions:

Grants received from the Province of Newfoundland and Labrador and the Board Fund relating to the acquisition of capital assets are recorded as deferred contributions and are amortized to income on the same basis as the related capital asset is amortized. During the year, capital grants in the amount of \$32,969 (2004 - \$18,919) was received from the Department of Health and Community Services. In addition, \$45,692 (2004 - \$4,548) was transferred from the Board Fund.

(c) Supplies:

Supplies are charged to the applicable program cost when purchased.

(d) Severance pay:

The Board is liable for severance pay to employees who have nine or more years of continuous service. An amount has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

(e) Revenue recognition:

The Board follows the deferred method of accounting for contributions which include donations and government grants.

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 2005

3. Receivables:

	<u>2005</u>	<u>2004</u>
Grants - operating and other	\$ 347,697	328,469
HST rebate	86,461	86,111
Other	<u>61,931</u>	<u>52,166</u>
	<u>\$ 496,089</u>	<u>466,746</u>

4. Capital assets:

	<u>2005</u>			<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 15,000	-	15,000	15,000
Building	79,318	25,246	54,072	56,920
Equipment - office	499,761	416,545	83,216	104,020
- medical	280,187	236,057	44,130	48,112
Computer equipment - hardware	858,736	608,436	250,300	288,156
- software	<u>108,313</u>	<u>95,346</u>	<u>12,967</u>	<u>18,523</u>
	<u>\$ 1,841,315</u>	<u>1,381,630</u>	<u>459,685</u>	<u>530,731</u>

5. Bank indebtedness:

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$3,000,000 at March 31, 2005. This authority to borrow and related overdraft expired April 1, 2005.

6. Deferred grants:

	<u>2005</u>	<u>2004</u>
Operating	\$ 482,799	321,577
Early Learning & Child Care Initiatives	319,155	-
National Child Benefit Program	142,006	245,561
Early Childhood Development Program	77,604	214,785
Child Youth and Family Services Act	-	12,781
Capital	<u>537,562</u>	<u>594,270</u>
	<u>\$ 1,559,126</u>	<u>1,388,974</u>

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 2005

7. Other revenue:

	<u>2005</u>	<u>2004</u>
Children's federal allowance	\$ 164,909	136,019
Cervical screening program	126,545	111,885
WCC recoveries	1,458	24,458
Travel recoveries	17,109	7,642
Bridge funding - youth profiling project	81,692	78,232
Recoveries - Home Support	119,552	121,204
Conne River Services contract	76,500	86,549
Vaccine Program	28,250	23,583
Salary recoveries	94,604	92,900
Other	<u>33,192</u>	<u>49,196</u>
	<u>\$ 743,811</u>	<u>731,668</u>

8. Equity:

During a prior year the provincial government instituted a three year global funding plan for health care institutions. Under this plan, operating surpluses/deficits were not to be credited/charged to the Board fund until the three years expired. The three years expired at March 31, 1999 and government is reviewing the results of operations to decide on the appropriate treatment of these operating surpluses/deficits.

9. Commitments:

At balance sheet date the Board is committed to various leases for office space in the approximate amount of \$50,000 monthly. Some of these leases expire at various times over the next year. Many of the facilities are being rented on a month to month basis.

10. Transfer to operating revenue:

During the year the Board transferred \$336,284 to operating fund revenue to cover expenditures relating to the following special projects:

IT support position	\$ 58,573
Research assistant	6,403
Deficit reduction	183,000
IT purchases	84,308
Staff function	<u>4,000</u>
	<u>336,284</u>
Less deferred at March 31, 2005	<u>35,768</u>
	<u>\$ 300,516</u>

These expenditures have been reflected as operating fund expenditures on the statement of operations.

CENTRAL REGIONAL HEALTH AND COMMUNITY SERVICES BOARD

Notes to the Financial Statements

March 31, 2005

11. Subsequent event:

On April 1, 2005 the Central Regional Health and Community Services Board was amalgamated with Central East Health Care Institutions Board and Central West Health Corporation to form Central Regional Integrated Health Authority.

CENTRAL WEST HEALTH CORPORATION

AUDITED CONSOLIDATED FINANCIAL
STATEMENTS

AS AT MARCH 31, 2004

LORI K. MERCER

CHARTERED ACCOUNTANT

P.O. Box 673, 10 Pinsent Dr.
Grand Falls-Windsor, NL
A2A 2K2
Tel: (709)489-5555
Fax: (709)489-5556

AUDITORS' REPORT

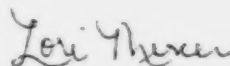
To The Board of Directors
Central West Health Corporation

I have audited the balance sheet of Central West Health Corporation as at March 31, 2004 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Grand Falls-Windsor, NL
August 27, 2004

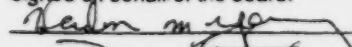
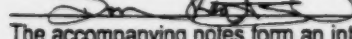


Lori K. Mercer
Chartered Accountant

CENTRAL WEST HEALTH CORPORATION
AUDITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2004

	2004	2003
ASSETS		
CURRENT ASSETS		
Cash	\$ 825,716	\$ 189,750
Accounts receivable (Note 3)	3,713,956	4,035,250
Inventory, at cost	941,258	865,916
Prepaid expenses	<u>423,587</u>	<u>1,871,956</u>
	<u>5,904,517</u>	<u>6,962,872</u>
TRUST FUNDS HELD ON DEPOSIT	<u>392,084</u>	<u>360,314</u>
CAPITAL ASSETS (NOTE 4)	<u>45,186,021</u>	<u>45,797,715</u>
DEFERRED CHARGES	<u>38,307</u>	<u>87,360</u>
	<u>\$ 51,520,929</u>	<u>\$ 53,208,261</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	\$ -	\$ 1,100,575
Accounts, payable and accrued	5,433,668	4,503,484
Vacation pay accrual	4,255,245	4,156,910
Current maturities on long-term debt	755,950	720,890
Current maturities on capital lease obligations	-	49,603
Deferred contributions - operating	21,991	256,612
Deferred contributions - capital	<u>946,611</u>	<u>1,156,528</u>
	<u>11,413,465</u>	<u>11,944,602</u>
ACCRUED SEVERANCE PAY	<u>10,458,326</u>	<u>9,972,413</u>
TRUST FUNDS PAYABLE	<u>392,084</u>	<u>360,314</u>
LONG-TERM DEBT (NOTE 5)	<u>18,706,377</u>	<u>18,837,268</u>
DEFERRED CONTRIBUTIONS - UNAMORTIZED PORTION OF CAPITAL ASSET CONTRIBUTIONS (NOTE 7)	<u>11,921,085</u>	<u>10,373,093</u>
EQUITY		
UNRESTRICTED NET ASSETS (NOTE 8)	(36,335,655)	(33,244,676)
NET ASSETS INVESTED IN CAPITAL ASSETS	<u>34,965,247</u>	<u>34,965,247</u>
	<u>(1,370,408)</u>	<u>1,720,571</u>
	<u>\$ 51,520,929</u>	<u>\$ 53,208,261</u>

Signed on behalf of the board:

 Director
 Director

The accompanying notes form an integral part of these financial statements.

Lori K. Mercer, Chartered Accountant

CENTRAL WEST HEALTH CORPORATION
AUDITED CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
REVENUE		
Provincial plan	\$ 74,140,561	\$ 72,261,694
Inpatient	402,708	425,292
MCP Physician revenue	5,706,214	5,244,459
Mortgage interest subsidy	233,472	37,520
Other income	1,926,199	2,398,908
Outpatient	829,122	750,784
Resident's rent	5,166,562	5,171,115
Primary health care	<u>68,785</u>	<u>-</u>
TOTAL REVENUE	<u>88,473,623</u>	<u>86,289,772</u>
 EXPENSES		
Administration	8,648,626	8,330,543
Ambulatory care services	8,684,694	7,442,234
Diagnostic and therapeutic services	13,903,260	12,742,762
Education	1,191,711	950,095
Medical services	6,734,808	7,042,769
Nursing inpatient services	31,666,607	31,294,067
Support services	<u>18,497,764</u>	<u>17,802,118</u>
	<u>89,327,470</u>	<u>85,604,588</u>
Excess of revenue over expenditure, before other operations	(853,847)	685,184
Outreach programs	<u>92,052</u>	<u>65,598</u>
Excess of revenue over expenditure, before non shareable revenue and expenditure	<u>(945,899)</u>	<u>619,586</u>
Non shareable revenue and expenditure		
Amortization of deferred capital asset contribution	1,162,211	1,011,038
Amortization of capital assets	(2,469,673)	(2,847,976)
Increase in provision for severance pay	(485,913)	(1,667,597)
Increase in provision for vacation pay	<u>(98,335)</u>	<u>(370,122)</u>
	<u>(1,891,710)</u>	<u>(3,874,657)</u>
Excess of expenditure over revenue	<u>\$ (2,837,609)</u>	<u>\$ (3,255,071)</u>

Lori K. Mercer, Chartered Accountant

CENTRAL WEST HEALTH CORPORATION
AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Excess of expenditure over revenue	\$ (2,837,609)	\$ (3,255,071)
Adjustments for: - amortization of deferred charges	49,053	2,122
- amortization of deferred capital asset contributions	(1,162,211)	(1,011,038)
- amortization and depreciation	<u>3,478,355</u>	<u>3,489,967</u>
	(472,412)	(774,020)
Changes in non-cash working capital		
Receivables	321,295	2,008,643
Inventory	(75,342)	(80,439)
Prepaid expenses	1,448,369	409,592
Payables and accruals	930,184	(4,034,740)
Vacation pay accrual	98,335	370,122
Severance pay accrual	485,913	1,667,597
Deferred charges	-	(89,481)
Deferred severance accrual	<u>-</u>	<u>(90,961)</u>
Cash flows from (used in) operating activities	<u>2,736,342</u>	<u>(613,687)</u>
Cash flows from financing activities		
Increase in long-term debt	863,248	4,647,241
Decrease in long-term debt	(1,008,682)	(641,991)
Capital contributions	2,149,633	3,685,491
Deferred contributions - operating	(234,621)	90,638
Deferred contributions - capital	<u>97,282</u>	<u>(1,740,973)</u>
Cash flows from (used in) financing activities	<u>1,866,860</u>	<u>6,040,406</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(2,866,661)</u>	<u>(8,421,301)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,736,541	(2,994,582)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>(910,825)</u>	<u>2,083,757</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>825,716</u>	\$ <u>(910,825)</u>
COMPRISED OF:		
Cash	\$ 825,716	\$ 189,750
Demand loan	<u>-</u>	<u>(1,100,575)</u>
	\$ <u>825,716</u>	\$ <u>(910,825)</u>

**CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2004**

1. NATURE OF OPERATIONS

These financial statements reflect the operations, assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central West Health Corporation.

Facilities:

A.M. Guy Memorial Health Centre
Baie Verte Peninsula Health Centre
Carmelite House Senior Citizens Home
Green Bay Community Health Centre

Dr. Hugh Twomey Health Care Centre
Connaigre Peninsula Health Centre
North Haven Manor Senior Citizens Home
Valley Vista Senior Citizens Home

Clinics:

Hermitage
La Scie
Lewisporte
Mose Ambrose
St. Alban's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using a pooling of interest method of accounting. Under this method, the book value of assets, liabilities and net assets of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from those estimates.

Basis of presentation

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund and Board Fund.

The Operating Fund contains all the operating assets, liabilities, revenues and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

The Board Fund contains special purpose assets and those which may be expended at the discretion of the Corporation. Revenue consists of mainly of investment income and revenue directly related to hospital operations. Expenditures of this fund consist of hospital operating expenditure not shared by government and those approved by the Corporation.

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2004

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventory is recorded cost, determined on the first in first out basis.

Capital Assets

The corporation has recorded all capital assets over which it has control although title to certain of these assets rests with the Government. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is recorded on a straight line basis over the estimated useful lives of the related assets at the following rates:

Land Improvements	10%
Building	5%
Equipment and vehicles	10 - 20%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

Minor equipment purchases are charged to operations on the year of acquisition.

Capital and Operating Costs

A lease that transfers substantially all of the benefits and risks incidental to ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Capital Contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciation assets are recorded as direct increases in net assets.

Revenue Recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Revenue from donations, including pledges, is recognized as revenue when received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

**CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2004**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Incentive

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

For the fiscal years 1997 to 1999, the Corporation is permitted to retain any savings from the approved budget.

Accrued Severance Pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to receive such a payment. The amount is payable when the employee ceases employment with the Corporation.

Pension Costs

Employees of the Corporation are covered by the Public Service Pension Plan and the Government Money Purchased Pension Plan administered by the Province of Newfoundland. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Deferred Charges

Deferred charges represent the cost of equipment and vehicles, which are being amortized on a straight line basis.

Vacation Pay

Vacation pay is accounted for on an accrual basis and is payable in accordance with present employer and employee contracts of the Corporation.

Contributed Services

Volunteers contribute many hours per year to assist the Corporation carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2004

3. ACCOUNTS RECEIVABLE

	<u>2004</u>	<u>2003</u>
Cancer foundation	\$ 108,006	\$ 109,427
Capital grants	68,785	25,533
Central Community Health Care Board	20,712	5,251
Cottages	212,805	195,271
Doctors	463,400	14,100
Employees	95,650	120,725
Harmonized sales tax	479,513	846,852
Long term care	300,401	457,473
Nurse practitioners	47,059	78,672
Other	310,351	68,179
Provincial plan	-	358,517
Services to Patient	699,624	365,581
South and Central Health Foundation	<u>1,030,737</u>	<u>1,516,238</u>
	3,837,043	4,161,819
Allowance for doubtful accounts	<u>123,087</u>	<u>126,569</u>
	<u>\$ 3,713,956</u>	<u>\$ 4,035,250</u>

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount 2004</u>	<u>2003</u>
Equipment and vehicles	\$ 39,501,733	\$ 21,317,022	\$ 18,184,711	\$ 17,834,962
Buildings	41,198,192	14,608,771	26,589,421	27,661,839
Land	97,112	-	97,112	97,112
Land improvements	<u>619,395</u>	<u>304,618</u>	<u>314,777</u>	<u>203,802</u>
	<u>\$ 81,416,432</u>	<u>\$ 36,230,411</u>	<u>\$ 45,186,021</u>	<u>\$ 45,797,715</u>

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2004

5. LONG-TERM DEBT

		<u>2004</u>	<u>2003</u>
Canadian Imperial Bank of Commerce, unsecured loan repayable in monthly interest installments, refinanced as a mortgage April 2002	New Camellie Construction loan	\$ 10,327,185	\$ 10,527,071
Canadian Imperial Bank of Commerce, unsecured loan repayable in equal monthly instalments of \$600 including interest at prime less 1/2%	House La Sola	11,366	18,566
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, matures July, 2028	House Botwood	69,563	70,599
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, maturing July 2028	House Botwood	62,973	63,911
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,298 including interest at 8%, maturing September, 2004	North Haven Manor	1,043,489	1,058,914
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 10,124 including interest at 8%, maturing 2019	Green Bay Extension	1,312,967	1,328,731
Bank of Montreal, loan repayable in monthly installment of \$ 500 plus interest at 1%,	House Green Bay	-	2,000
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 48,632 including interest at 5.65%, maturing 2013	EPC Contract	3,556,870	4,140,458
Ford Credit Canada, loan repayable in monthly installments of \$330 including interest, maturing March, 2008	Vehicle	15,822	19,777
Ford Credit Canada, loan repayable in monthly installments of \$ 444 including interest, maturing March, 2008	Vehicle	<u>15,994</u>	<u>21,325</u>
Balance Forward		<u>16,416,229</u>	<u>17,251,352</u>

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2004

5. LONG-TERM DEBT (CONTINUED)

		<u>2004</u>	<u>2003</u>
	Balance Forward	<u>16,416,229</u>	<u>17,251,352</u>
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,165 including interest at 7.875%, maturing 2024	Carmelite House	1,005,410	1,040,566
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 9,375 including interest at 5.77%, maturing 2019	Green Bay Extension	1,148,883	1,193,679
Ford Credit Canada, loan repayable in monthly installments of \$ 420 including interest, maturing March 2008	Vehicle	73,110	20,175
Bank of Nova Scotia loan repayable in monthly installments of \$ 1,250 including interest at 11%	House Renovations Baie Verte	10,758	25,759
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 650 matures March, 2006	House Harbour Breton	18,827	26,627
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 8,096 including interest at 3.99%, maturing 2014	Renovations Central Nfld Hospital	<u>789,110</u>	<u>-</u>
		19,462,327	19,558,158
	Current maturities	<u>(755,950)</u>	<u>(720,890)</u>
		<u>\$ 18,706,377</u>	<u>\$ 18,837,268</u>

The aggregate amount of payments required to meet debt retirement provisions for the next 5 years is as follows:

2005	\$ 755,950
2006	786,015
2007	823,849
2008	859,707
2009	908,278

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2004

6. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2004</u>	<u>2003</u>
Datex - Ohmeda (Canada) Inc. Leasing, repayable in equal quarterly installments of \$ 13,061 including interest calculated at 8%, repaid during year	\$ -	\$ 49,603
Current maturities	<u>-</u>	<u>49,603</u>
	<u>\$ -</u>	<u>\$ -</u>

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions in which capital assets were originally purchased. As outlined above in Note 2, these contributions are being amortized to revenue at the same rates at which the related capital assets are amortized in accordance with the new not-for-profit accounting recommendations, adopted by the Corporation on April 1997. The Corporation has not applied this accounting policy retroactively because the necessary financial information is not readily determinable.

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 10,373,093	\$ 7,655,428
Capital contributions during the year	2,710,203	3,728,703
Less amortization	<u>(1,162,211)</u>	<u>(1,011,038)</u>
Balance, end of year	<u>\$ 11,921,085</u>	<u>\$ 10,373,093</u>

8. UNRESTRICTED NET ASSETS

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ (33,244,676)	\$ (29,946,394)
Contributed assets	(253,370)	(43,211)
Excess of expenditure over revenue	<u>(2,837,609)</u>	<u>(3,255,071)</u>
Balance, end of year	<u>\$ (36,335,655)</u>	<u>\$ (33,244,676)</u>

9. CONTINGENCIES

As of March 31, 2004, there were a number of claims outstanding against the Corporation in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2004

10. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term to maturity of these items.

The fair value of long-term debt approximates the carrying amount based on cash flows discounted at market rates currently available for financial instruments with similar terms and remaining maturities.

CENTRAL WEST HEALTH CORPORATION

**AUDITED OPERATING FUND
FINANCIAL STATEMENTS**

AS AT MARCH 31, 2004

LORI K. MERCER

CHARTERED ACCOUNTANT

P.O. Box 673, 10 Pinsent Dr.
Grand Falls-Windsor, NL
A2A 2K2
Tel: (709)489-5555
Fax: (709)489-5556

AUDITORS' REPORT

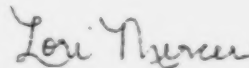
To The Board of Directors
Central West Health Corporation

I have audited the balance sheet of Central West Health Corporation as at March 31, 2004 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2004 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Grand Falls-Windsor, NL
August 27, 2004

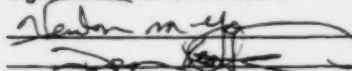
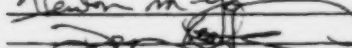


Lori K. Mercer
Chartered Accountant

CENTRAL WEST HEALTH CORPORATION
AUDITED OPERATING BALANCE SHEET AS AT MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 825,716	\$ 189,750
Accounts receivable (note 3)	3,713,954	3,474,678
Inventory, at cost	941,258	865,916
Prepaid expenses	<u>423,587</u>	<u>1,871,956</u>
	<u>5,904,515</u>	<u>6,402,300</u>
TRUST FUNDS HELD ON DEPOSIT	<u>392,084</u>	<u>360,314</u>
CAPITAL ASSETS (NOTE 4)	<u>45,186,021</u>	<u>45,797,715</u>
DEFERRED CHARGES	<u>38,307</u>	<u>87,360</u>
	<u>\$ 51,520,927</u>	<u>\$ 52,647,689</u>
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness	\$ -	\$ 1,100,575
Accounts, payable and accrued	5,433,668	4,503,484
Vacation pay accrual	4,255,245	4,156,910
Current maturities on long-term debt	755,950	720,890
Current maturities on capital lease obligations	-	49,603
Deferred contributions - operating	21,991	256,612
Deferred contributions - capital	<u>1,253,810</u>	<u>1,156,528</u>
	<u>11,720,664</u>	<u>11,944,602</u>
ACCRUED SEVERANCE PAY	<u>10,458,326</u>	<u>9,972,413</u>
TRUST FUNDS PAYABLE	<u>392,084</u>	<u>360,314</u>
LONG-TERM DEBT (NOTE 5)	<u>18,706,377</u>	<u>18,837,268</u>
DEFERRED CONTRIBUTIONS - UNAMORTIZED PORTION OF CAPITAL ASSET CONTRIBUTIONS (NOTE 7)	<u>11,921,085</u>	<u>10,373,093</u>
EQUITY		
UNRESTRICTED NET ASSETS (NOTE 8)	(36,642,856)	(33,805,248)
NET ASSETS INVESTED IN CAPITAL ASSETS	<u>34,965,247</u>	<u>34,965,247</u>
	<u>(1,677,609)</u>	<u>1,159,999</u>
	<u>\$ 51,520,927</u>	<u>\$ 52,647,689</u>

Signed on behalf of the board:

 Director
 Director

The accompanying notes form an integral part of these financial statements.

CENTRAL WEST HEALTH CORPORATION
AUDITED OPERATING STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
REVENUE		
Provincial plan	\$ 74,140,561	\$ 72,261,694
Inpatient	402,708	425,292
MCP Physician revenue	5,706,214	5,244,459
Mortgage interest subsidy	233,472	37,520
Other income	1,665,287	1,768,231
Outpatient	829,122	750,784
Resident's rent	5,166,562	5,171,115
Primary health care	68,785	-
Contribution from board	<u>159,568</u>	<u>-</u>
TOTAL REVENUE	<u>88,372,279</u>	<u>85,659,095</u>
 EXPENSES		
Administration	8,648,626	8,330,543
Ambulatory care services	8,684,694	7,442,234
Diagnostic and therapeutic services	13,903,260	12,742,762
Education	1,191,711	950,095
Medical services	6,637,082	7,018,575
Nursing inpatient services	31,666,607	31,294,067
Support services	<u>18,494,145</u>	<u>17,797,433</u>
	<u>89,226,125</u>	<u>85,575,709</u>
Excess of revenue over expenditure, before other operations	(853,846)	83,386
Outreach programs	<u>92,052</u>	<u>65,598</u>
Excess of revenue over expenditure, before non shareable revenue and expenditure	<u>(945,898)</u>	<u>17,788</u>
Non shareable revenue and expenditure		
Amortization of deferred capital asset contribution	1,162,211	1,011,038
Amortization of capital assets	(2,469,673)	(2,847,976)
Increase in provision for severance pay	(485,913)	(1,667,597)
Increase in provision for vacation pay	<u>(98,335)</u>	<u>(370,122)</u>
	<u>(1,891,710)</u>	<u>(3,874,657)</u>
Excess of expenditure over revenue	<u>\$ (2,837,608)</u>	<u>\$ (3,856,869)</u>

CENTRAL WEST HEALTH CORPORATION
AUDITED OPERATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities		
Excess of expenditure over revenue	\$(2,837,608)	\$(3,856,869)
Adjustments for: - amortization of deferred charges	49,053	2,122
- amortization of deferred capital asset contributions	(1,162,211)	(1,011,038)
- amortization and depreciation	<u>3,478,355</u>	<u>3,489,967</u>
	(472,411)	(1,375,818)
Changes in non-cash working capital		
Receivables	(239,275)	2,567,230
Inventory	(75,342)	(80,439)
Prepaid expenses	1,448,369	409,592
Payables and accruals	930,184	(4,034,740)
Vacation pay accrual	98,335	370,122
Severance pay accrual	485,913	1,667,597
Deferred charges	-	(89,481)
Deferred severance accrual	<u>-</u>	<u>(90,961)</u>
Cash flows from (used in) operating activities	<u>2,175,773</u>	<u>(656,898)</u>
Cash flows from financing activities		
Increase in long-term debt	863,248	4,647,241
Decrease in long-term debt	(1,008,682)	(641,991)
Capital contributions	2,710,203	3,728,702
Deferred contributions - operating	(234,621)	90,638
Deferred contributions - capital	<u>97,282</u>	<u>(1,740,973)</u>
Cash flows from (used in) financing activities	<u>2,427,430</u>	<u>6,083,617</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(2,866,662)</u>	<u>(8,421,301)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,736,541	(2,994,582)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>(910,825)</u>	<u>2,083,757</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 825,716</u>	<u>\$ (910,825)</u>
COMPRISED OF:		
Cash	\$ 825,716	\$ 189,750
Demand loan	<u>-</u>	<u>(1,100,575)</u>
	<u>\$ 825,716</u>	<u>\$ (910,825)</u>

**CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2004**

1. NATURE OF OPERATIONS

These financial statements reflect the operations, assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central West Health Corporation.

Facilities:

A.M. Guy Memorial Health Centre
Baie Verte Peninsula Health Centre
Carmelite House Senior Citizens Home
Green Bay Community Health Centre

Dr. Hugh Twomey Health Care Centre
Connaigre Peninsula Health Centre
North Haven Manor Senior Citizens Home
Valley Vista Senior Citizens Home

Clinics:

Hermitage
La Scie
Lewisporte
Mose Ambrose
St. Alban's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using a pooling of interest method of accounting. Under this method, the book value of assets, liabilities and net assets of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from those estimates.

Basis of presentation

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund and Board Fund.

The Operating Fund contains all the operating assets, liabilities, revenues and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

**CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2004**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventory is recorded cost, determined on the first in first out basis.

Capital Assets

The corporation has recorded all capital assets over which it has control although title to certain of these assets rests with the Government. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is recorded on a straight line basis over the estimated useful lives of the related assets at the following rates:

Land Improvements	10%
Building	5%
Equipment and vehicles	10 - 20%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

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Capital and Operating Costs

A lease that transfers substantially all of the benefits and risks incidental to ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

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Revenue Recognition

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Revenue from donations, including pledges, is recognized as revenue when received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

**CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2004**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Incentive

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

For the fiscal years 1997 to 1999, the Corporation is permitted to retain any savings from the approved budget.

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Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to receive such a payment. The amount is payable when he employee ceases employment with the Corporation.

Pension Costs

Employees of the Corporation are covered by the Public Service Pension Plan and the Government Money Purchased Pension Plan administered by the Province of Newfoundland. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Deferred Charges

Deferred charges represent the cost of equipment and vehicles, which are being amortized on a straight line basis.

Vacation Pay

Vacation pay is accounted for on an accrual basis and is payable in accordance with present employer and employee contracts of the Corporation.

Contributed Services

Volunteers contribute many hours per year to assist the Corporation carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2004

3. ACCOUNTS RECEIVABLE

	<u>2004</u>	<u>2003</u>
Cancer foundation	\$ 108,006	\$ 109,427
Capital grants	68,785	25,533
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Provincial plan	-	358,517
Services to Patient	699,624	517,953
South and Central Health Foundation	<u>1,030,737</u>	<u>1,363,866</u>
	3,837,041	3,601,247
Allowance for doubtful accounts	<u>123,087</u>	<u>126,569</u>
	<u>\$ 3,713,954</u>	<u>\$ 3,474,678</u>

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	
			<u>2004</u>	<u>2003</u>
Equipment and vehicles	\$ 39,501,733	\$ 21,317,022	\$ 18,184,711	\$ 17,834,962
Buildings	\$ 41,198,192	\$ 14,608,771	\$ 26,589,421	\$ 27,661,839
Land	97,112	-	97,112	97,112
Land improvements	<u>619,395</u>	<u>304,618</u>	<u>314,777</u>	<u>203,802</u>
	<u>\$ 81,416,432</u>	<u>\$ 36,230,411</u>	<u>\$ 45,186,021</u>	<u>\$ 45,797,715</u>

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2004

5. LONG-TERM DEBT

		<u>2004</u>	<u>2003</u>
Canadian Imperial Bank of Commerce, unsecured loan repayable in monthly interest installments, refinanced as a mortgage April 2002	New Carmelle Construction loan	\$ 10,327,185	\$ 10,527,071
Canadian Imperial Bank of Commerce, unsecured loan repayable in equal monthly instalments of \$600 including interest at prime less 1/2%	House La Solé	11,366	18,566
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, matures July, 2028	House Bethwood	69,563	70,599
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, maturing July 2028	House Bethwood	62,973	63,911
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,298 including interest at 8%, maturing September, 2004	North Haven Manor	1,043,489	1,058,914
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 10,124 including interest at 8%, maturing 2019	Green Bay Extension	1,312,967	1,328,731
Bank of Montreal, loan repayable in monthly installment of \$ 500 plus interest at 1%,	House Green Bay	-	2,000
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 48,632 including interest at 5.65%, maturing 2013	EPC Contract	3,556,870	4,140,458
Ford Credit Canada, loan repayable in monthly installments of \$330 including interest, maturing March, 2008	Vehicle	15,822	19,777
Ford Credit Canada, loan repayable in monthly installments of \$ 444 including interest, maturing March, 2008	Vehicle	<u>15,994</u>	<u>21,325</u>
Balance Forward		<u>16,416,229</u>	<u>17,251,352</u>

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2004

5. LONG-TERM DEBT (CONTINUED)

		<u>2004</u>	<u>2003</u>
	Balance Forward	<u>16,416,229</u>	<u>17,251,352</u>
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,165 including interest at 7.875%, maturing 2024	ville House	1,005,410	1,040,566
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 9,375 including interest at 5.77%, maturing 2019	Green Bay Extension	1,148,883	1,193,679
Ford Credit Canada, loan repayable in monthly installments of \$ 420 including interest, maturing March 2008	Vehicle	73,110	20,175
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 1,250 including interest at 11%	House Renovations Sole Verte	10,758	25,759
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 650 matures March, 2006	House Harbour Breton	18,827	26,627
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 8,096 including interest at 3.99%, maturing 2014	Renovations Central Nfld Hospital	<u>789,110</u>	<u>-</u>
		19,462,327	19,558,158
	Current maturities	<u>(755,950)</u>	<u>(720,890)</u>
		<u>\$ 18,706,377</u>	<u>\$ 18,837,268</u>

The aggregate amount of payments required to meet debt retirement provisions for the next 5 years is as follows:

2005	\$ 755,950
2006	786,015
2007	823,849
2008	859,707
2009	908,278

To reduce the cost of borrowing, the Federal government provides an amount to reduce the effective interest rate of the Newfoundland and Labrador Housing Corporation mortgage for the Green Bay Health Care Centre. The assistance is subject to regulations and conditions during the amortization of the mortgages.

The Newfoundland and Labrador Housing Corporation mortgages are secured by specific land and buildings.

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2004

6. OBLIGATIONS UNDER CAPITAL LEASE

	<u>2004</u>	<u>2003</u>
Datex - Ohmeda (Canada) Inc. Leasing, repayable in equal quarterly installments of \$ 13,061 including interest calculated at 8%, repaid during year	\$ -	\$ 49,603
Current maturities	<u>-</u>	<u>49,603</u>
	<u>\$ -</u>	<u>\$ -</u>

7. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions in which capital assets were originally purchased. As outlined above in Note 2, these contributions are being amortized to revenue at the same rates at which the related capital assets are amortized in accordance with the new not-for-profit accounting recommendations, adopted by the Corporation on April 1997. The Corporation has not applied this accounting policy retroactively because the necessary financial information is not readily determinable.

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 10,373,093	\$ 7,655,428
Capital contributions during the year	2,710,203	3,728,703
Less amortization	<u>(1,162,211)</u>	<u>(1,011,038)</u>
Balance, end of year	<u>\$ 11,921,085</u>	<u>\$ 10,373,093</u>

8. UNRESTRICTED NET ASSETS

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ (33,805,248)	\$ (29,948,379)
Excess of expenditure over revenue	<u>(2,837,608)</u>	<u>(3,856,869)</u>
Balance, end of year	<u>\$ (36,642,856)</u>	<u>\$ (33,805,248)</u>

9. CONTINGENCIES

As of March 31, 2004, there were a number of claims outstanding against the Corporation in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

**CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2004**

10. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term to maturity of these items.

The fair value of long-term debt approximates the carrying amount based on cash flows discounted at market rates currently available for financial instruments with similar terms and remaining maturities.

CENTRAL WEST HEALTH CORPORATION

AUDITED CONSOLIDATED FINANCIAL
STATEMENTS

AS AT MARCH 31, 2005

LORI K. MERCER

CHARTERED ACCOUNTANT

P.O. Box 673, 10 Pinsent Dr.
Grand Falls-Windsor, NL
A2A 2K2
Tel: (709)489-5555
Fax: (709)489-5556

AUDITORS' REPORT

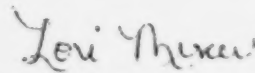
To The Board of Directors
Central West Health Corporation

I have audited the balance sheet of Central West Health Corporation as at March 31, 2005 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

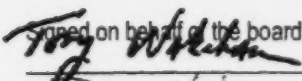
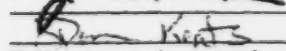
In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Grand Falls-Windsor, NL
August 12, 2005


Lori K. Mercer
Chartered Accountant

CENTRAL WEST HEALTH CORPORATION
AUDITED CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2005

	<u>2005</u>	<u>2004</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,911,318	\$ 825,716
Accounts receivable (note 3)	2,667,293	3,713,956
Inventory, at cost	1,064,858	941,258
Prepaid expenses	<u>230,191</u>	<u>423,587</u>
	<u>5,873,660</u>	<u>5,904,517</u>
TRUST FUNDS HELD ON DEPOSIT	<u>393,776</u>	<u>392,084</u>
CAPITAL ASSETS (NOTE 4)	<u>43,390,723</u>	<u>45,186,021</u>
DEFERRED CHARGES	<u>41,894</u>	<u>38,307</u>
	<u>\$ 49,700,053</u>	<u>\$ 51,520,929</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts, payable and accrued	\$ 6,820,620	\$ 5,433,668
Vacation pay accrual	4,297,386	4,255,245
Current maturities on long-term debt	786,015	755,950
Deferred contributions - operating	525,167	21,991
Deferred contributions - capital	<u>2,084,293</u>	<u>946,611</u>
	<u>14,513,481</u>	<u>11,413,465</u>
ACCRUED SEVERANCE PAY	<u>10,562,562</u>	<u>10,458,326</u>
TRUST FUNDS PAYABLE	<u>393,776</u>	<u>392,084</u>
LONG-TERM DEBT (NOTE 5)	<u>18,303,242</u>	<u>18,706,377</u>
DEFERRED CONTRIBUTIONS - UNAMORTIZED PORTION OF CAPITAL ASSET CONTRIBUTIONS (NOTE 6)	<u>12,176,395</u>	<u>11,921,085</u>
EQUITY		
UNRESTRICTED NET ASSETS (NOTE 7)	(41,214,650)	(36,335,655)
NET ASSETS INVESTED IN CAPITAL ASSETS	<u>34,965,247</u>	<u>34,965,247</u>
	<u>(6,249,403)</u>	<u>(1,370,408)</u>
	<u>\$ 49,700,053</u>	<u>\$ 51,520,929</u>

Signed on behalf of the board:
 Director
 Director

The accompanying notes form an integral part of these financial statements.

CENTRAL WEST HEALTH CORPORATION
AUDITED CONSOLIDATED STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2005

	<u>2005</u>	<u>2004</u>
REVENUE		
Provincial plan	\$ 75,975,350	\$ 74,140,561
Inpatient	465,563	402,708
MCP Physician revenue	5,150,718	5,706,214
Mortgage interest subsidy	26,711	233,472
Other income	1,632,797	1,926,199
Outpatient	900,699	829,122
Resident's rent	5,017,448	5,166,562
Primary health care	42,231	68,785
Transition costs recoverable	<u>36,795</u>	<u>-</u>
TOTAL REVENUE	<u>89,248,312</u>	<u>88,473,623</u>
EXPENSES		
Administration	8,621,402	8,648,626
Ambulatory care services	9,257,883	8,684,694
Diagnostic and therapeutic services	13,925,323	13,903,260
Education	1,188,560	1,191,711
Medical services	7,295,277	6,734,808
Nursing inpatient services	31,710,968	31,666,607
Support services	<u>20,341,657</u>	<u>18,497,764</u>
	<u>92,341,070</u>	<u>89,327,470</u>
Excess of revenue over expenditure, before other operations	(3,092,758)	(853,847)
Outreach programs	<u>92,260</u>	<u>92,052</u>
Excess of revenue over expenditure, before non shareable revenue and expenditure	<u>(3,185,018)</u>	<u>(945,899)</u>
Non shareable revenue and expenditure		
Amortization of deferred capital asset contribution	1,172,626	1,162,211
Amortization of capital assets	(2,528,270)	(2,469,673)
Increase in provision for severance pay	(31,462)	(485,913)
Increase in provision for vacation pay	<u>331</u>	<u>(98,335)</u>
	<u>(1,386,775)</u>	<u>(1,891,710)</u>
Excess of expenditure over revenue	<u>\$ (4,571,793)</u>	<u>\$ (2,837,609)</u>

CENTRAL WEST HEALTH CORPORATION
AUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Cash flows from operating activities		
Excess of expenditure over revenue	\$ (4,571,793)	\$ (2,837,609)
Adjustments for: - amortization of deferred charges	(3,587)	49,053
- amortization of deferred capital asset contributions	(1,172,626)	(1,162,211)
- amortization and depreciation	<u>3,324,766</u>	<u>3,478,355</u>
	(2,423,240)	(472,412)
Changes in non-cash working capital		
Receivables	1,046,658	321,295
Inventory	(123,600)	(75,342)
Prepaid expenses	193,396	1,448,369
Payables and accruals	1,386,952	930,184
Vacation pay accrual	42,143	98,335
Severance pay accrual	<u>104,236</u>	<u>485,913</u>
Cash flows from (used in) operating activities	<u>226,545</u>	<u>2,736,342</u>
Cash flows from financing activities		
Increase in long-term debt	151,054	863,248
Decrease in long-term debt	(524,124)	(1,008,682)
Capital contributions	1,427,935	2,149,633
Deferred contributions - operating	503,176	(234,621)
Deferred contributions - capital	<u>830,483</u>	<u>97,282</u>
Cash flows from (used in) financing activities	<u>2,388,524</u>	<u>1,866,860</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(1,529,467)</u>	<u>(2,866,661)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,085,602	1,736,541
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>825,716</u>	<u>(910,825)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,911,318</u>	<u>\$ 825,716</u>
COMPRISED OF:		
Cash	\$ 1,911,318	\$ 825,716
Demand loan	<u>-</u>	<u>-</u>
	<u>\$ 1,911,318</u>	<u>\$ 825,716</u>

**CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005**

1. NATURE OF OPERATIONS

These financial statements reflect the operations, assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central West Health Corporation.

Facilities:

A.M. Guy Memorial Health Centre
Baie Verte Peninsula Health Centre
Carmelite House Senior Citizens Home
Green Bay Community Health Centre

Dr. Hugh Twomey Health Care Centre
Connaigre Peninsula Health Centre
North Haven Manor Senior Citizens Home
Valley Vista Senior Citizens Home

Clinics:

Hermitage
La Scie
Lewisporte
Mose Ambrose
St. Alban's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using a pooling of interest method of accounting. Under this method, the book value of assets, liabilities and net assets of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from those estimates.

Basis of presentation

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund and Board Fund.

The Operating Fund contains all the operating assets, liabilities, revenues and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

The Board Fund contains special purpose assets and those which may be expended at the discretion of the Corporation. Revenue consists of mainly of investment income and revenue directly related to hospital operations. Expenditures of this fund consist of hospital operating expenditure not shared by government and those approved by the Corporation.

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventory is recorded cost, determined on the first in first out basis.

Capital Assets

The corporation has recorded all capital assets over which it has control although title to certain of these assets rests with the Government. Capital assets recorded prior to the merger are recorded at either cost, nominal, or approximate fair value, on the basis of accounting used by the predecessor entities. Capital assets acquired after April 1, 1995 are recorded at cost. Depreciation is recorded on a straight line basis over the estimated useful lives of the related assets at the following rates:

Land Improvements	10%
Building	5%
Equipment and vehicles	10 - 20%

Construction in progress is not depreciated until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

Minor equipment purchases are charged to operations on the year of acquisition.

Capital and Operating Costs

A lease that transfers substantially all of the benefits and risks incidental to ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Capital Contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciation assets are recorded as direct increases in net assets.

Revenue Recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Revenue from donations, including pledges, is recognized as revenue when received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

**CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005**

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Incentive

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

For the fiscal years 1997 to 1999, the Corporation is permitted to retain any savings from the approved budget.

Accrued Severance Pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to receive such a payment. The amount is payable when the employee ceases employment with the Corporation.

Pension Costs

Employees of the Corporation are covered by the Public Service Pension Plan and the Government Money Purchased Pension Plan administered by the Province of Newfoundland. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Deferred Charges

Deferred charges represent the cost of equipment and vehicles, which are being amortized on a straight line basis.

Vacation Pay

Vacation pay is accounted for on an accrual basis and is payable in accordance with present employer and employee contracts of the Corporation.

Contributed Services

Volunteers contribute many hours per year to assist the Corporation carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

3. ACCOUNTS RECEIVABLE

	<u>2005</u>	<u>2004</u>
Cancer foundation	\$ 153,730	\$ 108,006
Capital grants	106,763	68,785
Central Community Health Care Board	13,685	20,712
Cottages	335,210	212,805
Doctors	-	463,400
Employees	78,982	95,650
Harmonized sales tax	269,548	479,513
Long term care	362,355	300,401
Nurse practitioners	31,777	47,059
Other	87,684	310,351
Provincial plan	93,785	-
Services to Patient	431,848	699,624
South and Central Health Foundation	<u>818,665</u>	<u>1,030,737</u>
	2,784,032	3,837,043
Allowance for doubtful accounts	<u>116,739</u>	<u>123,087</u>
	<u>\$ 2,667,293</u>	<u>\$ 3,713,956</u>

4. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Carrying Amount</u>	
			<u>2005</u>	<u>2004</u>
Equipment and vehicles	\$ 40,426,277	\$ 23,093,781	\$ 17,332,496	\$ 18,184,711
Buildings	\$ 41,638,885	\$ 15,963,527	\$ 25,675,358	\$ 26,589,421
Land	97,112	-	97,112	97,112
Land improvements	<u>622,125</u>	<u>336,368</u>	<u>285,757</u>	<u>314,777</u>
	<u>\$ 82,784,399</u>	<u>\$ 39,393,676</u>	<u>\$ 43,390,723</u>	<u>\$ 45,186,021</u>

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

5. LONG-TERM DEBT

		<u>2005</u>	<u>2004</u>
Canadian Imperial Bank of Commerce, unsecured loan repayable in monthly interest installments, refinanced as a mortgage April 2002	New Carmelite Construction loan	\$ 10,114,865	\$ 10,327,185
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 9,228 including interest at 7.378%, repaid during year		13,898	-
Canadian Imperial Bank of Commerce, unsecured loan repayable in equal monthly instalments of \$600 including interest at prime less 1/2%	House La Scie	4,166	11,366
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, matures July, 2028	House Botwood	68,448	69,563
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, maturing July 2028	House Botwood	61,964	62,973
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,298 including interest at 8%, maturing September, 2004	North Haven Manor	1,026,793	1,043,489
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 10,124 including interest at 8%, maturing 2019	Green Bay Extension	1,295,571	1,312,967
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installment of \$ 500 plus interest at 1%,	House Green Bay	58,800	-
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 48,632 including interest at 5.65%, maturing 2013	EPC Contract	3,470,621	3,556,870
Ford Credit Canada, loan repayable in monthly installments of \$330 including interest, maturing March, 2008	Vehicle	11,866	15,822
Ford Credit Canada, loan repayable in monthly installments of \$ 444 including interest, maturing March, 2008	Vehicle	<u>10,663</u>	<u>15,994</u>
Balance Forward		<u>16,137,555</u>	<u>16,416,229</u>

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

5. LONG-TERM DEBT (CONTINUED)

		<u>2005</u>	<u>2004</u>
	Balance Forward	16,137,655	16,416,229
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,165 including interest at 7.875%, maturing 2024	Carmelite House	983,130	1,005,410
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 9,375 including interest at 5.77%, maturing 2019	Green Bay Extension	1,101,443	1,148,883
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 420 including interest, maturing March, 2008	Vehicle	49,734	-
Ford Credit Canada, loan repayable in monthly installments of \$ 420 including interest, maturing March 2008	Vehicle	10,086	15,131
Bank of Nova Scotia loan repayable in monthly installments of \$ 1,250 including interest at 11%	House Renovations Bale Verte	-	10,758
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 650 matures March, 2006	House Harbour Breton	11,027	18,827
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 420 including interest, maturing March 2008		28,622	-
General Motor Acceptance Corporation, loan repayable in monthly installments of \$ 420 including interest, maturing March 2008		45,328	57,979
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 8,096 including interest at 3.99%, maturing 2014	Renovations Central Nfld Hospital	<u>722,232</u>	<u>789,110</u>
		19,089,257	19,462,327
	Current maturities	<u>(786,015)</u>	<u>(755,950)</u>
		<u>\$ 18,303,242</u>	<u>\$ 18,706,377</u>

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

9. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term to maturity of these items.

The fair value of long-term debt approximates the carrying amount based on cash flows discounted at market rates currently available for financial instruments with similar terms and remaining maturities.

CENTRAL WEST HEALTH CORPORATION

AUDITED OPERATING FUND
FINANCIAL STATEMENTS

AS AT MARCH 31, 2005

LORI K. MERCER

CHARTERED ACCOUNTANT

P.O. Box 673, 10 Pinnett Dr.
Grand Falls-Windsor, NL
A2A 2K2
Tel: (709)489-5555
Fax: (709)489-5556

AUDITORS' REPORT

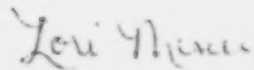
To The Board of Directors
Central West Health Corporation

I have audited the balance sheet of Central West Health Corporation as at March 31, 2005 and the statements of revenue and expenditure and cash flows for the year then ended. These financial statements are the responsibility of the Board. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

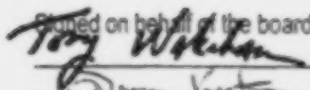
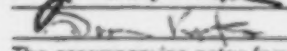
Grand Falls-Windsor, NL
August 12, 2005


Lori K. Mercer
Chartered Accountant

CENTRAL WEST HEALTH CORPORATION
AUDITED OPERATING BALANCE SHEET AS AT MARCH 31, 2005

	2005	2004
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,911,318	\$ 825,716
Accounts receivable (note 3)	2,797,958	3,713,954
Inventory, at cost	1,064,858	941,258
Prepaid expenses	<u>230,191</u>	<u>423,587</u>
	<u>6,004,325</u>	<u>5,904,515</u>
TRUST FUNDS HELD ON DEPOSIT	<u>393,776</u>	<u>392,084</u>
CAPITAL ASSETS (NOTE 4)	<u>43,390,724</u>	<u>45,186,021</u>
DEFERRED CHARGES	<u>41,894</u>	<u>38,307</u>
	<u>\$ 49,830,719</u>	<u>\$ 51,520,927</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued	\$ 6,820,620	\$ 5,433,668
Vacation pay accrual	4,297,385	4,255,245
Current maturities on long-term debt	786,015	755,950
Deferred contributions - operating	525,167	21,991
Deferred contributions - capital	<u>2,084,293</u>	<u>1,253,810</u>
	<u>14,513,480</u>	<u>11,720,664</u>
ACCRUED SEVERANCE PAY	<u>10,562,562</u>	<u>10,458,326</u>
TRUST FUNDS PAYABLE	<u>393,776</u>	<u>392,084</u>
LONG-TERM DEBT (NOTE 5)	<u>18,303,243</u>	<u>18,706,377</u>
DEFERRED CONTRIBUTIONS - UNAMORTIZED PORTION OF CAPITAL ASSET CONTRIBUTIONS (NOTE 6)	<u>12,176,395</u>	<u>11,921,085</u>
EQUITY		
UNRESTRICTED NET ASSETS (NOTE 7)	(41,083,984)	(36,642,856)
NET ASSETS INVESTED IN CAPITAL ASSETS	<u>34,965,247</u>	<u>34,965,247</u>
	<u>(6,118,737)</u>	<u>(1,677,609)</u>
	<u>\$ 49,830,719</u>	<u>\$ 51,520,927</u>

Signed on behalf of the board:

 Director
 Director

The accompanying notes form an integral part of these financial statements.

CENTRAL WEST HEALTH CORPORATION
AUDITED OPERATING STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED MARCH 31, 2005

	<u>2005</u>	<u>2004</u>
REVENUE		
Provincial plan	\$ 75,975,350	\$ 74,140,561
Transition cost recoverable	36,795	-
Inpatient	465,563	402,708
MCP Physician revenue	5,150,718	5,706,214
Mortgage interest subsidy	26,711	233,472
Other income	1,497,228	1,665,287
Outpatient	900,699	829,122
Resident's rent	5,017,448	5,166,562
Primary health care	42,230	68,785
Contribution from board	-	159,568
TOTAL REVENUE	<u>89,112,742</u>	<u>88,372,279</u>
EXPENSES		
Administration	8,621,402	8,648,626
Ambulatory care services	9,257,883	8,684,694
Diagnostic and therapeutic services	13,925,323	13,903,260
Education	1,188,560	1,191,711
Medical services	7,202,770	6,637,082
Nursing inpatient services	31,710,968	31,666,607
Support services	<u>20,167,929</u>	<u>18,494,145</u>
	<u>92,074,835</u>	<u>89,226,125</u>
Excess of revenue over expenditure, before other operations	(2,962,093)	(853,846)
Outreach programs	<u>92,260</u>	<u>92,052</u>
Excess of revenue over expenditure, before non shareable revenue and expenditure	<u>(3,054,353)</u>	<u>(945,898)</u>
Non shareable revenue and expenditure		
Amortization of deferred capital asset contribution	1,172,626	1,162,211
Amortization of capital assets	(2,528,270)	(2,469,673)
Increase in provision for severance pay	(31,462)	(485,913)
Increase in provision for vacation pay	<u>331</u>	<u>(98,335)</u>
	<u>(1,386,775)</u>	<u>(1,891,710)</u>
Excess of expenditure over revenue	<u>\$ (4,441,128)</u>	<u>\$ (2,837,508)</u>

CENTRAL WEST HEALTH CORPORATION
AUDITED OPERATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities		
Excess of expenditure over revenue	\$ (4,441,128)	\$ (2,837,608)
Adjustments for: - amortization of deferred charges	(3,587)	49,053
- amortization of deferred capital asset contributions	(1,172,626)	(1,162,211)
- amortization and depreciation	<u>3,324,766</u>	<u>3,478,355</u>
	(2,292,575)	(472,411)
Changes in non-cash working capital		
Receivables	915,995	(239,275)
Inventory	(123,600)	(75,342)
Prepaid expenses	193,396	1,448,369
Payables and accruals	1,386,952	930,184
Vacation pay accrual	42,140	98,335
Severance pay accrual	<u>104,236</u>	<u>485,913</u>
Cash flows from (used in) operating activities	<u>226,544</u>	<u>2,175,773</u>
Cash flows from financing activities		
Increase in long-term debt	151,054	863,248
Decrease in long-term debt	(524,124)	(1,008,682)
Capital contributions	1,427,935	2,710,203
Deferred contributions - operating	503,176	(234,621)
Deferred contributions - capital	<u>830,483</u>	<u>97,282</u>
Cash flows from (used in) financing activities	<u>2,388,524</u>	<u>2,427,430</u>
Cash flows from investing activities		
Purchase of capital assets	<u>(1,529,466)</u>	<u>(2,856,562)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,085,602	1,736,541
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>825,716</u>	<u>(910,825)</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ <u>1,911,318</u>	\$ <u>825,716</u>
COMPRISED OF:		
Cash	\$ <u>1,911,318</u>	\$ <u>825,716</u>

**CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2005**

1. NATURE OF OPERATIONS

These financial statements reflect the operations, assets, liabilities, net assets, revenues and expenditures of the following facilities and clinics operated by the Central West Health Corporation.

Facilities:

A.M. Guy Memorial Health Centre
Baie Verte Peninsula Health Centre
Carmelite House Senior Citizens Home
Green Bay Community Health Centre

Dr. Hugh Twomey Health Care Centre
Connaigre Peninsula Health Centre
North Haven Manor Senior Citizens Home
Valley Vista Senior Citizens Home

Clinics:

Hermitage
La Scie
Lewisporte
Mose Ambrose
St. Alban's

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using a pooling of interest method of accounting. Under this method, the book value of assets, liabilities and net assets of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved with making such estimates, actual results reported in future years could differ from those estimates.

Basis of presentation

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund and Board Fund.

The Operating Fund contains all the operating assets, liabilities, revenues and expenditure of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budget Incentive

The Corporation is reimbursed by the Department of Health for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

The final amount receivable from or payable to the Department will not be determined until the Department has completed its review of the Corporation's financial and statistical returns. The management of the Corporation considers the amount recorded as receivable from or payable to the Department to be inclusive of all proper adjustments. Subsequent adjustments resulting from the Department's review will be reflected in the statement of revenue and expenditure in the period of adjustment.

For the fiscal years 1997 to 1999, the Corporation is permitted to retain any savings from the approved budget.

Accrued Severance Pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to receive such a payment. The amount is payable when the employee ceases employment with the Corporation.

Pension Costs

Employees of the Corporation are covered by the Public Service Pension Plan and the Government Money Purchased Pension Plan administered by the Province of Newfoundland. Contributions to the plan are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Deferred Charges

Deferred charges represent the cost of equipment and vehicles, which are being amortized on a straight line basis.

Vacation Pay

Vacation pay is accounted for on an accrual basis and is payable in accordance with present employer and employee contracts of the Corporation.

Contributed Services

Volunteers contribute many hours per year to assist the Corporation carrying out its service delivery activities. Due to the difficulty in determining fair value, contributed services are not recognized in the financial statements.

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

5. LONG-TERM DEBT

		<u>2005</u>	<u>2004</u>
Canadian Imperial Bank of Commerce, unsecured loan repayable in monthly interest installments, refinanced as a mortgage April 2002	New Carmelite Construction loan	\$ 10,114,865	\$ 10,327,185
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 9,228 including interest at 7.378%, repaid during year		13,898	-
Canadian Imperial Bank of Commerce, unsecured loan repayable in equal monthly instalments of \$600 including interest at prime less 1/2%	House La Scie	4,166	11,366
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, matures July, 2028	House Botwood	68,448	69,563
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 510 including interest at 7.25%, maturing July 2028	House Botwood	61,964	62,973
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,298 including interest at 8%, maturing September, 2004	North Haven Manor	1,026,793	1,043,489
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 10,124 including interest at 8%, maturing 2019	Green Bay Extension	1,295,571	1,312,967
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installment of \$ 500 plus interest at 1%,	House Lewisporte	58,800	-
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 48,632 including interest at 5.65%, maturing 2013	EPC Contract	3,470,621	3,556,870
Ford Credit Canada, loan repayable in monthly installments of \$330 including interest, maturing March, 2008	Vehicle	11,866	15,822
Ford Credit Canada, loan repayable in monthly installments of \$ 444 including interest, maturing March, 2008	Vehicle	<u>10,663</u>	<u>15,994</u>
Balance Forward		<u>16,137,655</u>	<u>16,416,229</u>

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

5. LONG-TERM DEBT (CONTINUED)

		<u>2005</u>	<u>2004</u>
	Balance Forward	16,137,655	16,416,229
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 8,165 including interest at 7.875%, maturing 2024	Carmella House	983,130	1,005,410
Newfoundland and Labrador Housing Corp, mortgage repayable in monthly installments of \$ 9,375 including interest at 5.77%, maturing 2019	Green Bay Extension	1,101,443	1,148,883
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 420 including interest, maturing March, 2008	House	49,734	-
Ford Credit Canada, loan repayable in monthly installments of \$ 420 including interest, maturing March 2008	Vehicle	10,087	15,131
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 1,250 including interest at 11%	House Renovations Base Vette	-	10,758
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 650 matures March, 2006	House Harbour Breton	11,027	18,827
Canadian Imperial Bank of Commerce, loan repayable in monthly installments of \$ 650 matures March, 2006	House Harbour Breton	28,622	-
General Motor Acceptance Corporation, loan repayable in monthly installments of \$ 650 maturing		45,328	57,979
Canadian Imperial Bank of Commerce, mortgage repayable in monthly installments of \$ 8,096 including interest at 3.99%, maturing 2014	Renovations Central Nfld Hospital	<u>722,232</u>	<u>789,110</u>
		19,089,258	19,462,327
	Current maturities	<u>(786,015)</u>	<u>(755,950)</u>
		<u>\$ 18,303,243</u>	<u>\$ 18,706,377</u>

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

5. LONG-TERM DEBT (CONTINUED)

The aggregate amount of payments required to meet debt retirement provisions for the next 5 years is as follows:

2006	\$ 786,015
2007	786,015
2008	823,849
2009	859,707
2010	908,278

To reduce the cost of borrowing, the Federal government provides an amount to reduce the effective interest rate of the Newfoundland and Labrador Housing Corporation mortgage for the Green Bay Health Care Centre. The assistance is subject to regulations and conditions during the amortization of the mortgages.

The Newfoundland and Labrador Housing Corporation mortgages are secured by specific land and buildings.

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent restricted contributions in which capital assets were originally purchased. As outlined above in Note 2, these contributions are being amortized to revenue at the same rates at which the related capital assets are amortized in accordance with the new not-for-profit accounting recommendations, adopted by the Corporation on April 1997. The Corporation has not applied this accounting policy retroactively because the necessary financial information is not readily determinable.

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 11,921,085	\$ 10,474,625
Capital contributions during the year	1,427,936	2,608,671
Less amortization	<u>(1,172,626)</u>	<u>(1,162,211)</u>
Balance, end of year	<u>\$ 12,176,395</u>	<u>\$ 11,921,085</u>

7. UNRESTRICTED NET ASSETS

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$(36,642,856)	\$(33,805,248)
Excess of expenditure over revenue	<u>(4,441,128)</u>	<u>(2,837,608)</u>
Balance, end of year	<u>\$(41,083,984)</u>	<u>\$(36,642,856)</u>

CENTRAL WEST HEALTH CORPORATION
NOTES TO THE AUDITED OPERATING FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

8. CONTINGENCIES

As of March 31, 2005, there were a number of claims outstanding against the Corporation in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

9. FINANCIAL INSTRUMENTS

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts due to the short-term to maturity of these items.

The fair value of long-term debt approximates the carrying amount based on cash flows discounted at market rates currently available for financial instruments with similar terms and remaining maturities.

COLLEGE OF THE NORTH ATLANTIC
AUDITORS' REPORT
FINANCIAL STATEMENTS - MARCH 31, 2005

AUDITORS' REPORT

To the Board of Governors of the **College of the North Atlantic**

We have audited the statement of financial position of the **College of the North Atlantic** as at March 31, 2005 and the statements of operations, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the College as at March 31, 2005, and the results of its operations and the changes in net assets and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Walters HOFFE
Chartered Accountants

Gander, Newfoundland
June 17, 2005

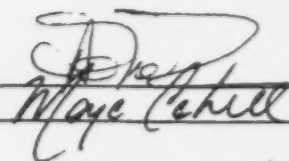
College of the North Atlantic
Statement of Financial Position
March 31, 2005

	<u>2005</u>	<u>2004</u>
Assets		
Current assets		
Cash	\$ 9,048,959	\$ 6,140,475
Receivables - Note 2	7,703,281	5,942,559
Inventory	752,698	737,749
Prepaid expenses	810,662	777,835
Total current assets	<u>18,315,600</u>	<u>13,598,618</u>
Capital assets - Note 3	8,404,782	7,062,547
Trust accounts - Note 4	366,337	380,789
	<u>\$ 27,086,719</u>	<u>\$ 21,041,954</u>
Liabilities and Equity		
Current liabilities		
Payables and accruals - Note 10	\$ 10,012,223	\$ 5,329,857
Deferred revenue	5,077,914	3,915,956
Due to Qatar Campus	880,391	901,857
Accrued leave - management	1,500,175	1,376,993
Accrued vacation - other	3,693,956	3,966,105
Current portion of severance	1,000,000	1,000,000
Total current liabilities	<u>22,164,659</u>	<u>16,490,768</u>
Trust and scholarship accounts - Note 4	404,914	387,251
Deferred capital contributions - Note 5	3,420,011	3,915,869
Accrued severance pay	10,624,873	10,518,017
	<u>36,614,457</u>	<u>31,311,905</u>
Surplus (deficit), per accompanying statement	<u>(9,527,738)</u>	<u>(10,269,951)</u>
	<u>\$ 27,086,719</u>	<u>\$ 21,041,954</u>

Approved:

Director

Director



See accompanying notes.

College of the North Atlantic
Statement of Operations
Year Ended March 31, 2005

	2005	2004
Revenue - Schedule 1		
Grant-in-aid	\$ 47,915,150	\$ 49,093,152
Facilities	12,633	14,979
Administration	301,297	538,551
Instructional	24,657,617	24,261,927
Student services	570,201	624,934
Information technology	101,340	123,171
Resale	3,822,225	4,304,705
Apprenticeship	2,520,125	2,601,751
Continuing education	487,471	752,740
Contracts	7,510,938	7,658,698
International	556,923	1,742,893
Special projects	4,192,553	4,246,882
Total revenue	<u>92,648,473</u>	<u>95,964,383</u>
Expenditure - Schedules 2 to 13		
Facilities	4,939,575	4,879,173
Administration	13,032,589	12,932,909
Instructional	45,092,674	46,227,280
Student services	7,526,462	7,672,987
Information technology	4,292,359	3,937,356
Resale	4,292,299	4,476,250
Apprenticeship	2,126,399	2,118,129
Continuing education	442,470	599,434
Contracts	6,823,991	8,058,564
International	482,013	1,135,279
Special projects	3,085,556	3,484,807
Total expenditure	<u>92,136,387</u>	<u>95,522,168</u>
Surplus (deficit) before unfunded adjustments	512,087	442,215
Unfunded adjustments:		
Severance	(42,023)	(626,962)
Vacation pay	272,149	(72,632)
Total unfunded adjustments	<u>230,126</u>	<u>(699,594)</u>
Surplus (deficit) of revenue over expenditures	<u>\$ 742,213</u>	<u>\$ (257,379)</u>

See accompanying notes.

College of the North Atlantic
Statement of Changes in Net Assets
Year Ended March 31, 2005

	<u>Operating</u>	<u>Capital Assets</u>	<u>Severance and Annual Leave</u>	<u>2005 Total</u>	<u>2004 Total</u>
Balance, beginning	\$ 1,993,349	\$ 3,203,237	\$ (19,466,537)	\$ (10,269,951)	\$ (10,012,572)
Capital purchases during year	(4,505,381)	4,505,381			
Amortization of capital assets	3,160,263	(3,160,263)			
Capital grants received during the year	1,032,787	(1,032,787)			
Amortization of deferred capital contributions	(1,472,087)	1,472,087			
Net book value of assets disposed during the year	2,883	(2,883)			
Surplus (deficit) of revenue over expenditure per accompanying statement	<u>512,087</u>		<u>230,126</u>	<u>742,213</u>	<u>(257,379)</u>
Balance, ending	<u>\$ 723,901</u>	<u>\$ 4,984,772</u>	<u>\$ (15,236,411)</u>	<u>\$ (9,527,730)</u>	<u>\$ (10,269,951)</u>

See accompanying notes.

College of the North Atlantic
Statement of Cash Flow
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Cash flows:		
Surplus (deficit) of revenue over expenditure	\$ 742,213	\$ (257,379)
Add items of a non - cash nature:		
Loss (gain) of assets	(638)	2,375
Loss (gain) on disposal of capital assets	(4,411)	11,947
Amortization	<u>3,160,263</u>	<u>3,922,261</u>
	3,897,427	3,679,204
Changes in:		
Current assets	(1,808,498)	3,756,125
Trust accounts	32,113	(9,946)
Current liabilities	5,673,892	(2,215,553)
Accrued severance	<u>106,856</u>	<u>644,547</u>
	<u>7,901,790</u>	<u>5,854,377</u>
Financing:		
Change in deferred capital contributions	<u>(495,858)</u>	<u>(574,032)</u>
Investing:		
Proceeds from sale of assets	7,933	14,754
Additions to capital assets	<u>(4,505,381)</u>	<u>(1,421,543)</u>
	<u>(4,497,448)</u>	<u>(1,406,789)</u>
Net increase in cash	2,908,484	3,873,556
Cash, beginning	<u>6,140,475</u>	<u>2,266,919</u>
Cash, ending	<u>\$ 9,048,959</u>	<u>\$ 6,140,475</u>

See accompanying notes.

College of the North Atlantic
Revenue

Year Ended March 31, 2005

	2005	2004
Grant-in-aid	\$ 47,915,150	\$ 49,093,152
Facilities		
Amortization of deferred capital contribution	7,447	4,636
Classroom/video rental		4,500
Parking	5,186	5,843
	<u>12,633</u>	<u>14,979</u>
Administration		
Interest	137,448	156,780
Amortization of deferred capital contribution	109,279	124,923
Gain on disposal of capital assets	5,049	
Other	49,521	256,848
	<u>301,297</u>	<u>538,551</u>
Instructional		
Tuition	8,706,457	8,550,619
Equipment and materials	1,264,192	1,100,783
Subsidy	12,378,064	12,298,412
Amortization of deferred capital contribution	1,254,151	1,503,985
Daycare	312,848	324,698
Other	741,905	808,128
	<u>24,657,617</u>	<u>24,586,625</u>
Student services		
Application fee	178,888	210,744
Registration fee	281,067	352,635
Amortization of deferred capital contribution	11,541	10,219
Other	98,705	51,336
	<u>570,201</u>	<u>624,934</u>
Information technology		
Amortization of deferred capital contribution	79,325	31,254
Other	22,015	91,917
	<u>101,340</u>	<u>123,171</u>
Continuing education		
Tuition	484,833	751,300
Other	2,638	1,440
	<u>487,471</u>	<u>752,740</u>
Contracts		
Contract/tuition	7,507,411	7,654,429
Subsidy		2,769
Other	3,527	1,500
	<u>7,510,938</u>	<u>7,658,698</u>

See accompanying notes.

**College of the North Atlantic
Revenue**

Year Ended March 31, 2005

Resale		
Bookstore	2,566,061	2,610,453
Food services	857,064	1,037,504
Residence	371,696	319,435
Amortization of deferred capital contribution	2,350	1,944
Other	<u>25,054</u>	<u>10,671</u>
	<u>3,822,225</u>	<u>3,980,007</u>
Apprenticeship		
Apprenticeship	2,512,791	2,594,127
Amortization of deferred capital contribution	<u>7,334</u>	<u>7,624</u>
	<u>2,520,125</u>	<u>2,601,751</u>
International		
International	556,261	1,742,893
Amortization of deferred capital contribution	<u>662</u>	
	<u>556,923</u>	<u>1,742,893</u>
Special projects		
Qatar (net)	764,127	478,123
Other projects	<u>3,428,426</u>	<u>3,768,759</u>
	<u>4,192,553</u>	<u>4,246,882</u>
	<u>\$ 92,648,473</u>	<u>\$ 95,964,383</u>

See accompanying notes.

College of the North Atlantic
Summary of Facilities Expenditures
Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 1,088,098	\$ 1,184,246
Professional development	708	2,031
Professional fees	12,721	12,186
Travel	4,132	8,095
Insurance	292,588	232,549
Interest charges	105,670	86,325
Photocopying/printing	391	1,188
Office related supplies	1,563	467
Freight and customs	5,741	385
Telephone	5,669	4,624
Utilities	1,188,877	1,114,210
Repairs and maintenance	791,518	1,027,389
Vehicle operations	105,578	111,410
Equipment rentals	1,290	
Facilities rentals	1,010,729	996,047
Protective clothing	8,108	9,710
Amortization	31,352	29,004
Computer supplies	786	1,348
Minor equipment and tools	18,020	2,971
Minor computer equipment	14,209	298
Materials and supplies	63,327	54,690
Contributions to projects	188,500	
	<u>\$ 4,939,575</u>	<u>\$ 4,879,173</u>

See accompanying notes.

College of the North Atlantic
Summary of Administration Expenditures
Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 8,392,076	\$ 8,600,333
Professional development	106,823	145,292
Employee recognition and wellness	23,250	11,505
Professional fees	236,157	237,538
Travel	317,058	394,193
Recruitment and relocation	88,889	39,800
Insurance	1,278	11,210
Interest charges	637	936
Bank charges	103,490	96,187
Photocopying/printing	322,181	356,812
Office related supplies	370,797	404,378
Membership fees	95,647	61,379
General advertising	178,297	222,133
Doubtful receivables	271,665	187,144
Freight and customs	118,818	98,492
Telephone	864,731	833,894
Utilities	6,958	1,546
Repairs and maintenance	33,137	68,416
Vehicle operations	1,828	942
Equipment rentals	21,156	41,550
Protective clothing	6,765	6,847
Amortization	406,399	388,811
Loss of assets		2,375
Loss on disposal of capital assets		11,847
Laundry and drycleaning	1,014	965
Computer supplies	56,679	84,250
Contracted services		11,188
Educational materials	17,996	21,602
Student related	2,414	8,427
Minor equipment and tools	58,801	36,956
Minor computer equipment	79,495	39,120
Materials and supplies	239,086	234,222
Contributions to projects	609,066	272,619
	<u>\$ 13,032,589</u>	<u>\$ 12,932,909</u>

See accompanying notes.

College of the North Atlantic
Summary of Instructional Expenditures
Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 39,146,066	\$ 39,531,668
Professional development	131,769	153,306
Professional fees	78,364	22,909
Travel	211,315	273,078
Recruitment and relocation	61,312	29,068
Photocopying/printing	142,790	100,740
Office related supplies	40,330	15,906
Membership fees	20,802	20,644
General advertising	9,399	9,014
Freight and customs	26,650	34,278
Telephone	92,910	82,507
Utilities	2,277	2,345
Repairs and maintenance	63,358	90,899
Vehicle operations	410,772	319,383
Equipment rentals	15,434	10,516
Facilities rentals	96,721	106,480
Protective clothing	19,023	19,478
Amortization	2,425,860	3,061,360
Food cost	61,358	43,852
Laundry and drycleaning	2,559	3,476
Computer supplies	124,099	182,768
Contracted services	29,189	34,758
Educational materials	81,354	60,496
Daycare operations	125,933	98,360
Student related	74,572	85,396
Minor equipment and tools	180,886	159,799
Minor computer equipment	179,580	354,511
Materials and supplies	1,212,400	1,247,159
Contributions to projects	25,592	73,126
	<u>\$ 45,092,674</u>	<u>\$ 46,227,280</u>

See accompanying notes.

College of the North Atlantic
Summary of Student Services Expenditures
Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 6,239,071	\$ 6,333,052
Professional development	28,647	29,563
Employee recognition and wellness	375	450
Professional fees	1,183	16,425
Travel	77,470	88,902
Insurance	18,886	1,649
Bank charges		1,355
Photocopying/printing	121,523	88,276
Office related supplies	48,027	53,854
Membership fees	2,859	4,938
General advertising	401,661	436,503
Freight and customs	6,394	10,022
Telephone	28,841	36,503
Repairs and maintenance	3,208	5,865
Equipment rentals		99
Facilities rentals	3,006	3,060
Protective clothing	134	120
Amortization	35,395	86,920
Computer supplies	46,686	12,307
Contracted services	114,075	114,296
Educational materials	146,126	159,514
Student related	48,532	50,225
Minor equipment and tools	36,464	24,632
Minor computer equipment	32,035	20,398
Materials and supplies	82,519	90,871
Contribution to projects	3,345	3,188
	<u>\$ 7,526,462</u>	<u>\$ 7,672,987</u>

See accompanying notes.

College of the North Atlantic
Summary of Information Technology Expenditures
Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 2,212,815	\$ 2,383,982
Professional development	7,198	38,046
Travel	28,871	29,015
Photocopying/printing	2,014	2,041
Office related supplies	6,525	10,624
Freight and customs	1,205	1,439
Telephone	23,386	21,756
Repairs and maintenance	9,538	6,803
Protective clothing	13	346
Amortization	193,639	274,975
Computer supplies	1,123,476	1,068,621
Educational materials	128	851
Minor equipment and tools	8,816	2,604
Minor computer equipment	649,781	76,706
Materials and supplies	24,954	19,547
	<u>\$ 4,292,359</u>	<u>\$ 3,937,356</u>

See accompanying notes.

College of the North Atlantic
Summary of Resale Expenditures
Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 1,283,567	\$ 1,418,955
Professional development	2,754	389
Travel	2,231	1,452
Photocopying/printing	3,257	3,787
Office related supplies	10,877	10,185
General advertising	205	170
Freight and customs	95,747	122,609
Telephone	2,235	1,696
Utilities	8,508	7,527
Repairs and maintenance	12,291	20,763
Protective clothing	12,503	15,563
Amortization	16,475	23,815
Food cost	610,086	741,913
Laundry and drycleaning	14,100	14,789
Textbooks and supplies	2,040,974	2,015,686
Computer supplies	605	1,050
Contracted services		200
Educational materials	59	258
Minor equipment and tools	29,643	13,231
Minor computer equipment	3,899	3,570
Materials and supplies	142,283	58,642
	<u>\$ 4,292,299</u>	<u>\$ 4,476,250</u>

See accompanying notes.

College of the North Atlantic
Summary of Apprenticeship Expenditures
Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 1,674,146	\$ 1,577,239
Professional fees		200
Travel	2,737	4,341
Photocopying/printing	992	4,178
General advertising	290	573
Freight and customs	9,854	2,813
Repairs and maintenance	11,231	15,603
Equipment rentals		485
Facilities rentals		875
Protective clothing	1,200	1,997
Amortization	32,049	41,049
Food cost	46,132	56,823
Laundry and drycleaning	4,573	4,574
Computer supplies	1,057	2,392
Contracted services		300
Educational materials	3,907	12,748
Student related	148,785	205,988
Minor equipment and tools	29,658	26,517
Minor computer equipment	1,851	
Materials and supplies	157,937	159,434
	<u>\$ 2,126,399</u>	<u>\$ 2,118,129</u>

See accompanying notes.

College of the North Atlantic
Summary of Continuing Education Expenditures
 Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Salaries and benefits	\$ 340,110	\$ 442,408
Professional development	75	584
Professional fees		856
Travel	15,686	18,751
Photocopying/printing	1,170	4,129
Office related supplies	93	121
General advertising	3,811	4,637
Freight and customs	552	906
Telephone	37	23
Vehicle operations	3,309	
Facilities rentals	3,058	6,191
Laundry and drycleaning		88
Computer supplies		19,952
Contracted services	14,137	30,129
Educational materials	1,018	9,670
Student related	6,397	21,548
Minor computer equipment		4,938
Materials and supplies	53,017	34,503
	<u>\$ 442,470</u>	<u>\$ 599,434</u>

See accompanying notes.

College of the North Atlantic
Summary of Contract Expenditures
Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 5,574,547	\$ 6,051,808
Professional development	10,295	23,310
Professional fees	47,215	61,262
Travel	121,488	203,166
Insurance	832	644
Photocopying/printing	33,666	35,924
Office related supplies	5,295	13,623
Membership fees	2,438	3,162
General advertising	80,998	94,213
Doubtful receivables	(166,757)	224,246
Freight and customs	4,224	11,594
Telephone	16,360	23,195
Repairs and maintenance	5,413	20,718
Vehicle operations	5,463	15,557
Equipment rentals	41,464	47,602
Facilities rentals	31,965	83,632
Protective clothing	5,697	6,866
Food cost	10,801	11,918
Laundry and drycleaning	791	234
Textbooks and supplies	15,069	
Computer supplies	19,064	19,571
Contracted services	397,633	363,507
Educational materials	21,355	36,818
Student related	156,202	170,595
Minor equipment and tools	27,890	66,813
Minor computer equipment	45,144	81,804
Materials and supplies	310,439	386,082
Contribution to projects		700
	<u>\$ 6,823,991</u>	<u>\$ 8,058,564</u>

See accompanying notes.

College of the North Atlantic
Summary of International Expenditures
 Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 261,595	\$ 520,581
Professional development	813	1,093
Professional fees	46,619	102,150
Travel	88,630	168,084
Photocopying/printing	194	2,114
Office related supplies	260	1,378
Membership fees	13,839	8,600
General advertising	15,869	33,812
Freight and customs	3,983	3,918
Telephone	289	1,344
Repairs and maintenance		13,691
Vehicle operations		110
Facilities rentals		407
Amortization	19,095	16,427
Computer supplies	1,288	7,162
Contracted services	10,651	34,455
Education materials	1,246	5,341
Student related	5,631	114,396
Minor equipment and tools		30,340
Minor computer equipment	2,173	32,163
Materials and supplies	9,838	37,713
	<u>\$ 482,013</u>	<u>\$ 1,135,279</u>

See accompanying notes.

College of the North Atlantic
Summary of Special Projects Expenditures
 Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 1,672,162	\$ 1,502,393
Professional development	15,495	49,482
Professional fees	288,296	481,349
Travel	165,077	325,126
Recruitment and relocation	21,668	10,590
Insurance	145	213
Photocopying/printing	10,863	21,171
Office related supplies	9,850	3,148
Membership fees	3,375	1,664
General advertising	23,840	36,770
Freight and customs	3,815	2,341
Telephone	13,988	20,020
Repairs and maintenance	104,352	16,405
Vehicle operations	226	3,017
Equipment rentals	747	24,843
Facilities rentals	1,669	408
Food costs		6,081
Computer supplies	36,913	207,088
Contracted services	182,715	178,401
Educational materials	23,540	8,775
Daycare operations	168	3,465
Student related	81,607	91,536
Minor equipment and tools	18,588	19,381
Minor computer equipment	53,355	119,008
Materials and supplies	330,739	337,632
Contribution to projects	22,363	14,500
	<u>\$ 3,085,556</u>	<u>\$ 3,484,807</u>

See accompanying notes.

College of the North Atlantic
Summary of Expenditures
Year Ended March 31, 2005

	2005	2004
Salaries and benefits	\$ 67,884,253	\$ 69,546,665
Professional development	304,577	443,096
Employee recognition and wellness	23,625	11,955
Professional fees	710,555	934,875
Travel	1,034,695	1,514,203
Recruitment and relocation	171,869	79,458
Insurance	313,729	246,265
Interest charges	106,307	87,261
Bank charges	103,490	97,542
Photocopying/printing	639,041	620,360
Office related supplies	493,617	513,684
Membership fees	138,960	100,387
General advertising	714,370	837,825
Doubtful receivables	104,908	411,390
Freight and customs	276,983	288,797
Telephone	1,048,446	1,025,562
Utilities	1,206,620	1,125,628
Repairs and maintenance	1,034,046	1,286,552
Vehicle operations	527,176	450,419
Equipment rentals	80,091	125,095
Facilities rentals	1,147,148	1,197,100
Protective clothing	53,443	60,927
Amortization	3,160,264	3,922,361
Loss of assets		2,375
Loss on disposal of capital assets		11,847
Food cost	728,377	860,587
Laundry and drycleaning	23,037	24,126
Textbooks and supplies	2,056,043	2,015,686
Computer supplies	1,409,653	1,606,509
Contracted services	748,400	767,234
Educational materials	296,729	316,073
Daycare operations	126,101	101,825
Student related	524,140	748,111
Minor equipment and tools	408,766	383,244
Minor computer equipment	1,061,522	732,516
Materials and supplies	2,626,539	2,660,495
Contributions to projects	848,866	364,133
	<u>\$ 92,136,386</u>	<u>\$ 95,522,168</u>

See accompanying notes.

College of the North Atlantic
Notes to Financial Statements
For the Twelve Months Ended March 31, 2005

Authority and Purpose

The College of the North Atlantic (the College) operates under the authority of the College Act, 1996, Province of Newfoundland and Labrador. In accordance with Section 6 of the College Act, 1996, the College is a statutory crown corporation and as such is not subject to either Federal or Provincial income taxes and is exempt from Municipal taxes. The College is Newfoundland and Labrador's public college. The College is committed to providing accessible, responsive, quality learning opportunities which prepare people to become self-sufficient contributors to social and economic development both in a provincial and global context.

1 Significant accounting policies:

The financial statements of the College have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the College are as follows:

(a) *Revenue recognition*

The College follows the deferral method of accounting for contributions which includes donations and government grants. Grants for expenditures of future periods are deferred and recognized as revenue in the year in which the related expenditures were incurred. Grants for capital assets are deferred and recognized as revenue on the same basis as the acquired capital assets are amortized.

Revenue from contractual services is recognized as the service is delivered.

(b) *Basis of accounting*

The College follows the accrual basis of accounting.

(c) *Inventory*

Inventory which consists mainly of books and food supplies is recorded at the lower of cost or net realizable value.

College of the North Atlantic
Notes to Financial Statements
For the Twelve Months Ended March 31, 2005

(d) *Capital Assets*

Capital assets recorded prior to the April 1, 1997 amalgamation of the former Colleges are recorded at either cost, nominal, or approximate fair value. Capital assets acquired after April 1, 1997 are recorded at cost. Amortization is recorded on a straight line basis using the following estimated useful lives:

Artwork	No amortization
Capital improvements	10 and 5 years
EGP - (Proprietary)	10 years
Computer and peripherals	3 years
Furnishings	5 years
Instructional equipment	5 years
Other electronic equipment	5 years
Software	3 years
Vehicles	5 years

One half year's amortization is taken in the year of acquisition.

No amortization is recorded for assets under development.

The value of donated artwork has not been recorded in these financial statements.

An accurate valuation of donated artwork has not been obtained at March 31, 2005.

Minor equipment purchases are charged to operations in the year of acquisition.

On disposal, assets are removed from the accounts at their net book value. Proceeds from disposals are recorded and any resulting gain or loss on disposal is realized.

(e) *Severance and vacation pay*

Severance and vacation pay are recorded on an accrual basis.

The College is liable for severance pay to employees who have nine or more years of continuous public service. An accrual has been recorded in the financial statements to reflect this liability. No provision for severance has been made for employees with less than the required years of service.

(f) *Foreign Currencies*

Transactions in foreign currencies are recorded in Canadian dollars at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the Balance Sheet date. Exchange gains or losses arising from the translations are included in the Statement of Operations.

College of the North Atlantic
Notes to Financial Statements
For the Twelve Months Ended March 31, 2005

2 Receivables

	2005	2004
Government of Newfoundland	\$ 794,185	\$ 1,111,137
HRD Subsidy	2,934,689	1,150,000
Students	502,044	988,496
Other	4,361,836	3,411,123
	<u>8,592,754</u>	<u>6,660,756</u>
Less allowance for doubtful accounts	<u>798,673</u>	<u>718,197</u>
	<u>\$ 7,793,281</u>	<u>\$ 5,942,559</u>

3 Capital assets

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Artwork	\$ 5,980	\$ -	\$ 5,980	\$ 5,500
Capital improvements	4,530,080	3,608,520	871,564	853,031
Computers and peripherals	13,557,681	11,834,071	723,610	1,129,517
Furnishings	774,194	785,069	69,125	78,913
Instructional equipment	26,285,385	23,676,918	2,608,467	3,678,632
Other electronic equipment	358,415	273,289	85,126	91,234
Software	437,029	377,064	99,965	59,759
ERP - Peoplesoft	3,724,969	106,340	3,538,721	-
Vehicles	3,295,022	2,891,138	403,884	643,593
Asset under development	-	-	-	522,368
	<u>\$ 52,968,280</u>	<u>\$ 44,563,086</u>	<u>\$ 8,404,782</u>	<u>\$ 7,062,547</u>

The land and buildings being used by the College, with the exception of some rental property, are the properties of the Province of Newfoundland and Labrador. Expenditures for repairs and maintenance of these buildings, paid by the Province, are not recorded in the financial statements of the College.

4 Trust accounts

Trust accounts represent donations and related interest restricted for scholarships, awards and other specified purposes. Changes in the trust account balance are as follows:

	2005	2004
Opening balance	\$ 380,789	\$ 374,204
Deposits	4,841	18,706
Payments	-26,480	-27,150
Interest	<u>7,907</u>	<u>14,939</u>
Closing balance	<u>\$ 366,337</u>	<u>\$ 380,789</u>
At year end, the trust accounts were invested as follows:		
RB Securities	\$ 366,337	\$ 380,789
Miscellaneous scholarships in general account	<u>78,577</u>	<u>6,462</u>
	<u>\$ 444,914</u>	<u>\$ 387,251</u>

College of the North Atlantic
Notes to Financial Statements
For the Twelve Months Ended March 31, 2005

5 Deferred capital contributions

Deferred capital contributions represent the unamortized amount of grants and special funding received for the purchase of capital assets. Changes in the deferred capital contributions balances are as follows:

	2005	2004
Balance, beginning of year	\$ 3,915,869	\$ 4,489,901
Contributions received for capital purposes:		
• Provincial grants	380,000	446,327
• Special projects	476,229	607,667
• Provincial grant uncommitted		36,539
Amortization of deferred capital contributions	(1,472,067)	(1,684,585)
	<u>\$ 3,420,011</u>	<u>\$ 3,915,869</u>

6 Pensions

Under Section 36 of the College Act, 1996, College staff is subject to the Public Service Pension Act, 1996. Employee contributions are matched by the College and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire.

7 Commitments

Deloitte Inc. Commitment

The College has entered into a contract with Deloitte Inc. to develop and maintain a PeopleSoft integrated computerized information system. Committed payments over the next six years are as follows:

2005-2006	1,244,183
2006-2007	1,084,041
2007-2008	1,171,789
2008-2009	1,315,430
2009-2010	1,476,310
2010-2011	379,172

Lease Commitment

The College leases some equipment under long-term operating leases. Lease payments for the next five years, committed under operating leases extending beyond one year, are as follows:

2005-2006	967,524
2006-2007	655,763
2007-2008	312,710
2008-2009	141,356
2009-2010	87,581

College of the North Atlantic
Notes to Financial Statements
For the Twelve Months Ended March 31, 2005

8 Comprehensive Agreement with the State of Qatar

The College has a comprehensive agreement with the State of Qatar to establish, operate and administer a College of Applied Arts and Technology in Doha, Qatar for a ten year period, September 30, 2001 to August 31, 2012. The agreement is funded by the State of Qatar. For its services, the College is paid an annual Management Fee of 10% of base salaries.

9 Financial instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to the relatively short periods to maturity of these instruments.

10 Rental accrual

Included in accounts payable is an accrual totalling \$1,668,696 for unpaid lease payments and related interest for rental of Labrador West campus. The monthly lease amount was raised from \$30,000 to \$80,000, however based on directions from the Department of Works, Services and Transportation, the College continues to pay the original lease amount. As of the financial statement date, the outcome of any possible litigation regarding this dispute could not be determined. It is possible the College could have a recovery of some portion of this accrued liability.

11 Comparative figures

Certain of the 2004 comparative figures have been reclassified to conform to the financial presentation adopted in 2005.

Conseil scolaire francophone provincial
de Terre-Neuve-et-Labrador

FINANCIAL STATEMENTS / AUDITOR'S REPORT

June 30, 2004



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AUDITORS' REPORT

To the Trustees of
Conseil scolaire francophone provincial de Terre-Neuve-
et-Labrador

We have audited the balance sheet of the current and capital funds of the Conseil scolaire francophone provincial de Terre-Neuve-et-Labrador as at June 30, 2004 and the related statements of current revenues, expenditures and Board equity, and statement of changes in capital fund position for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at June 30, 2004 and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

NKKK Chartered Accountants
St. John's, Newfoundland & Labrador
August 27, 2004

Conseil scolaire francophone provincial

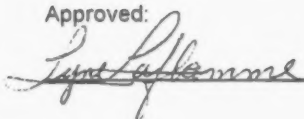
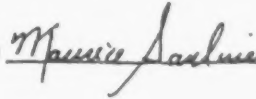
STATEMENT OF FINANCIAL POSITION

June 30, 2004

	<u>2004</u>	<u>2003</u>
<u>Assets</u>		
Current Assets		
Cash (Supp. Info. 1)	\$ (24 638)	\$ (9 503)
Short Term Investments (Supp. Info. 2)	275 000	100 000
Accounts Receivable (Note 2)	325 619	352 882
HST Receivable	16 060	23 823
Prepaid Expenses (Supp. Info. 3)	35 944	16 361
Total Current Assets	627 984	483 563
Property and Equipment (Sch. 8)	6 407 848	4 657 089
	\$ 7 035 832	\$ 5 140 652
<u>Liabilities and Board Equity</u>		
Current Liabilities		
Due to the Government of Newfoundland & Labrador	146 539	\$ 139 170
Accounts Payable and Accrued (Note 3)	67 996	73 166
Current Maturities	-	-
Total Current Liabilities	214 535	212 336
Long-Term Debt	-	-
Severance Pay Benefits - Teaching staff (Note 5)	114 587	101 594
Severance Pay Benefits - Non-teaching staff (Note 5)	35 256	34 828
Other Employee Benefits - Vacation pay	41 665	34 519
Summer Pay Liability	262 895	253 792
Deferred Revenue	111 367	4 798
	565 770	429 531
Board Equity		
Deferred revenue relating to capital assets (Note 4)	6 407 849	4 657 089
Board Equity (Deficit)	(152 321)	(158 304)
Total Board Equity	6 255 528	4 498 785
	7 035 832	\$ 5 140 652

See Accompanying Notes

Approved:

 Chairperson  Director of Education

Conseil scolaire francophone provincial

Statement of Current Revenues, Expenditures and Board Equity (Deficiency)

Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
Current Revenue (Schedule 1)		
Federal Government Grants	\$ 600 000	\$ 975 250
Provincial Government Grants	3 872 125	3 341 275
Donations	-	-
Ancillary Services	25 000	25 000
Miscellaneous	28 163	57 987
	<u>4 525 288</u>	<u>4 399 512</u>
Current Expenditures		
Pupil Services - federal grant	468 452	499 154
Administration - (Schedule 2)	634 718	597 190
Programs - federal grant	142 000	142 000
Instruction (Schedule 3)	2 399 338	2 327 849
Operations and Maintenance (Schedule 4)	461 918	445 009
Pupil Transportation (Schedule 5)	209 637	201 093
Amortization of capital assets	166 355	163 301
Ancillary Services (Schedule 6)	-	-
Interest Expense	-	-
Miscellaneous Expense (Schedule 7)	4 847	-
	<u>4 487 265</u>	<u>4 375 595</u>
23 111 Excess of Revenue over Expenditure before undernoted item	38 023	23 916
Transfer to Capital Fund	<u>19 047</u>	<u>73 065</u>
Excess of Expenditure over Revenue for the Period	18 976	(49 149)
Teacher severance pay accrual (Note 5)	<u>(12 993)</u>	<u>(20 870)</u>
Adjusted excess of Expenditure over Revenue	5 983	(70 019)
Board Equity (Deficiency), Beginning of Year	(158 304)	(88 285)
Fund Balance (Deficiency), End of the Year	<u>\$ (152 321)</u>	<u>\$ (158 304)</u>

See Accompanying Notes

Conseil scolaire francophone provincial

Statement of Cash Flows Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
60 Operating Activities		
011 Excess of Revenue over Expenditures (Expenditures over Revenue)	5 983	(70 019)
012 Changes in Non-Cash Working Capital		
013 - Short Term Investments	(175 000)	-
014 - Accounts Receivable	35 028	(159 135)
015 - Prepaid Expenses	(19 583)	29 398
- Deferred Charges	-	-
014 - Accounts Payable & Accrued Expenses	2 199	(58 074)
- Summer Pay Liability	9 103	253 792
015 - Amortization of deferred expenses	-	-
016 Other - Severance pay accrual	13 421	24 823
Other - Other employee benefits	7 146	8 771
Other - Deferred revenue	106 569	(52 602)
	<u>(15 134)</u>	<u>(23 046)</u>
61 Financing Activities		
011 Proceeds from Bank Loans	-	-
012 Grants - Capital	1 917 115	1 539 106
013 Other Capital Revenue	-	-
014 Changes in Long-Term Debt	-	-
015 Other	-	-
	<u>1 917 115</u>	<u>1 539 106</u>
62 Investing Activities		
011 Proceeds in Sale of Capital Assets	-	-
012 Additions to Property and Equipment	(1 917 115)	(1 539 106)
013 Other	-	-
	<u>(1 917 115)</u>	<u>(1 539 106)</u>
63 Increase (decrease) in Cash	(15 134)	(23 046)
64 Cash, Beginning of the Year	<u>(9 504)</u>	<u>13 542</u>
65 Cash, End of the Year	<u>\$ (24 638)</u>	<u>\$ (9 504)</u>

See Accompanying Notes

Conseil scolaire francophone provincial

Statement of Changes in Capital Fund Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
70 Capital Receipts		
71 Proceeds from Bank Loans		
011 - School Construction	\$ -	\$ -
012 - Equipment	-	-
013 - Service Vehicles	-	-
014 - Pupil Transportation	-	-
	<u>-</u>	<u>-</u>
72 Federal Grants		
011 School Construction and Equipment	-	-
012 Other	-	-
	<u>-</u>	<u>-</u>
73 Donations		
011 - Cash Receipts	-	-
012 - Non-Cash Receipts	-	-
013 - Restricted Use	-	-
	<u>-</u>	<u>-</u>
74 Sale of Capital Assets - Proceeds		
011 - Land & 012 Buildings	-	-
013 - Equipment	-	-
014 - Service Vehicles	-	-
015 - Pupil Transportation Vehicles	-	-
	<u>-</u>	<u>-</u>
75 Other Capital Revenues		
011 - Interest on Capital Fund Investments	-	-
012 - Premiums on Debentures	-	-
013 - Recoveries of Expenditures	-	-
015 - Insurance Proceeds	-	-
016 - Native Peoples Grants	-	-
017 - Miscellaneous		
- Department of Education Capital Grants	1 898 068	1 466 041
- Department of Education Info Technology Grants	-	-
- Cost sharing for Info Technology Grants	-	-
	<u>1 898 068</u>	<u>1 466 041</u>
Total Capital Receipts	<u>1 898 068</u>	<u>1 466 041</u>
77 Transfer from Reserve Account	-	-
78 Transfer to/from Current Fund	19 047	73 065
Total	<u>\$ 1 917 115</u>	<u>\$ 1 539 106</u>

See Accompanying Notes

Conseil scolaire francophone provincial

Statement of Changes in Capital Fund (Cont'd) Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
80 <u>Capital Disbursements</u>		
81 <u>Additions to Property & Equipment</u>		
011 - Land and Sites	\$ -	\$ -
012 - Buildings	1 898 068	1 466 041
013 - Furniture & Equipment - School	18 154	62 396
014 - Furniture & Equipment - Other	893	10 669
015 - Service Vehicles	-	-
016 - Pupil Transportation	-	-
017 - Other	-	-
	<u>1 917 115</u>	<u>1 539 106</u>
82 <u>Principal Repayment of Long Term Debt</u>		
011 - School Construction	-	-
012 - Equipment	-	-
013 - Service Vehicles	-	-
014 - Other	-	-
	<u>-</u>	<u>-</u>
83 <u>Miscellaneous Disbursements</u>		
013 - Other	-	-
	<u>-</u>	<u>-</u>
 Total Capital Disbursements	 <u>\$ 1 917 115</u>	 <u>\$ 1 539 106</u>

See Accompanying Notes

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 2004

9. Significant Accounting Policies:

The accompanying financial statement have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

1. Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues.
2. Fixed asset additions are recorded at full cost in the capital fund.
3. Effective July 1, 2003, the District commenced the amortization of its capital assets. A retroactive calculation was performed based on the straight-line method based on the following number of years.

School buildings - 40 years
Furniture - 10 years
Equipment - 10 years
Computers - 4 years
4. Funding relating to capital assets is deferred and amortized according to the same method used for the assets to which it relates.
5. The School board has acquired, in certain cases, land for its buildings without cost. In other cases, the board obtained authorization to use the land without ownership, as long as the properties are used for educational purposes. In the case where the land is board property, value determinations were not possible, meaning that the fair market value was not recorded.

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 2004

		<u>2004</u>	<u>2003</u>
2.	<u>Accounts Receivable</u>		
	<u>Current</u>		
11	131 Provincial Government	\$ 262 895	\$ 280 677
	132 Transportation		
	133 Federal Government	30 663	32 002
	136 Other School Districts	-	-
	137 Rent	-	-
	138 Interest	584	1 212
	139 Travel Advances and Misc.	31 477	6 849
	<u>Capital</u>		
11	231 EIC - Construction Grants	-	32 142
	233 Local Contributions		
	234 Other School Districts		
	235 Other		
		325 619	352 882

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 2004

		<u>2004</u>	<u>2003</u>
3.	<u>Accounts Payable and Accrued</u>		
	<u>Current</u>		
21	111 Trade Payable	\$ 18 012	\$ 15 992
	112 Accrued - Liabilities	23 494	25 850
	113 - Interest	-	-
	114 - Wages	26 490	31 324
	115 Payroll Deductions		
	116 Retail Sales Tax		
	117 Deferred Grants	-	-
	118 Other	-	-
	<u>Capital</u>		
21	211 Trade Payable		
	212 Accrued - Liabilities		
	213 - Interest		
	217 Deferred Grants		
	218 Other		
		<u>67 996</u>	<u>73 166</u>

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
4. Deferred revenue related to fixed assets - beginning of year	\$ 4 657 089	\$ 3 281 284
Add:		
Transfer of Operating Funds to Capital Fund	19 047	40 924
Grants		
- EIC - Contribution for Capital Construction	-	32 141
- Other -		
Capital Projects funded by EIC but paid directly to other sources on behalf of the District	1 898 068	1 466 041
Donations		
Proceeds from the sale of Capital Assets		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Miscellaneous		
	<u>1 917 115</u>	<u>1 539 106</u>
Deduct Adjustments		
Amortization of Investment in Capital Assets	166 355	163 301
Cost of assets sold		
- Land		
- Buildings		
- Equipment		
- Vehicles		
- Other		
	<u>-</u>	<u>-</u>
	<u>166 355</u>	<u>163 301</u>
Other	<u>-</u>	<u>-</u>
23 221 Deferred revenue relating to capital assets -end of year	<u>\$ 6 407 849</u>	<u>\$ 4 657 089</u>

Conseil scolaire francophone provincial

Notes to the Financial Statements Year Ended June 30, 2004

5. Accrued Severance Leave

The amount of \$12,993 for teachers' severance costs and the amount of \$428 for non-teaching staff severance costs are included in expenses. The amount of \$114,587 for teachers' severance costs and the amount of \$35,256 for non-teaching staff severance costs for a total of \$149,843 are included in the liabilities.

The adjustment for teachers' severance pay is required by the Department of Education of the Government of Newfoundland and Labrador and has no impact on the operation of the School Board. No account receivable is included in the accounts to offset this liability.

The accrued severance leave for non-teaching personnel is funded out of the board's regular operating grants.

Conseil scolaire francophone provincial

Current Revenues
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
<u>Current Revenues</u>		
Federal Government Grants		
Regular Operating Grants	\$ 600 000	\$ 975 250
32 010 Provincial Government Grants		
011 Regular Operating Grants	\$ 1 260 493	\$ 799 088
Amort. of deferred rev for capital assets	\$ 166 355	\$ 163 301
016 Special Grants		
- French Immersion	-	-
- Official Language Monitor	47 463	50 002
- French Language recuperation	-	-
- Textbook credit allocation	588	334
- Communication Tech	-	-
- Other	34 496	49 853
Salaries and Benefits		
017 - Superintendent and Asst. Supts.	-	-
021 - Regular Teachers	2 057 794	1 954 524
022 - Substitute Teachers	63 597	93 625
- Student Assistants	34 362	30 634
030 Pupil Transportation	-	-
031 - Board Owned	-	-
032 - Contracted	206 977	199 913
033 - Handicapped	-	-
	<u>3 872 125</u>	<u>3 341 275</u>
33 010 Donations		
012 Cash Receipts	-	-
013 Non Cash Receipts	-	-
014 Restricted Use	-	-
	<u>-</u>	<u>-</u>
34 010 Ancillary Services		
011 Revenues from Rental of Residences	-	-
021 Revenues from Rental of Schools and Facilities (Net)	-	-
031 Cafeterias	-	-
032 Other	25 000	25 000
	<u>25 000</u>	<u>25 000</u>

Schedule 1 (Cont'd)

Conseil scolaire francophone provincial

Current Revenues
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
35 01C Miscellaneous		
011 Interest on Investments	\$ 1 971	\$ 2 979
012 Bus Charters	-	-
021 Recoveries of Expenditures	8 363	-
031 Revenues from Other School Boards	-	-
051 Insurance Proceeds	-	-
061 Bilingual Education Revenue	-	-
071 Operating Rev. from Native Peoples Grant	-	-
081 Miscellaneous Federal Grants	-	32 681
091 Textbooks	-	-
092 Other		
- Mining Company Grants	17 529	22 027
- Tutoring for tuition	300	300
- Sundry	-	-
	<u>28 163</u>	<u>57 987</u>
Total Current Revenues	<u>\$ 4 525 288</u>	<u>\$ 4 399 512</u>

Schedule 2

Conseil scolaire francophone provincial

Administration Expenditures
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
51 Salaries and Benefits		
011 - Superintendents and Assistant Superintendents	197 205	181 676
012 - Board Office Personnel	265 103	211 810
013 Office Supplies	6 026	7 036
014 Replacement Furniture and Equipment	603	2 137
015 Postage	4 190	6 189
016 Telephone	15 845	16 902
017 Office Equipment Rentals and Repairs	7 535	3 815
018 Bank Charges	2 954	2 364
019 Electricity	-	-
021 Fuel	-	-
022 Insurance	-	-
023 Repairs and Maintenance - Office Building	-	-
024 Travel	26 801	34 007
025 Board Meeting Expenses	36 107	33 394
026 Election Expenses	-	-
027 Professional Fees	13 498	27 019
028 Advertising - Recruitment	13 314	26 299
029 Membership Dues	11 813	10 639
031 Municipal Service Fees	-	-
032 Rental of Office Space	31 185	33 438
033 Relocation Expenses	-	-
034 Miscellaneous	1 639	354
Forums	-	-
035 Payroll Tax	-	-
Training	\$ 902	\$ 110
Total Administration Expenditures	<u>\$ 634 718</u>	<u>\$ 597 190</u>

Conseil scolaire francophone provincial

Instruction Expenditures

Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
# 10 Instructional Salaries (Gross)		
11 Teachers' Salaries - Regular	\$ 1 743 261	\$ 1 632 183
12 - Substitute	43 330	62 261
13 - Board Paid	12 075	27 496
14 Augmentation	-	-
15 Employee Benefits	290 763	292 966
16 School Secretaries - Salaries & Benefits	92 006	59 634
17 Payroll Tax	36 143	34 109
18 Other - Salaries & Benefits - program asst	-	-
Other - Salaries & Benefits - student asst	26 573	24 750
Other - Salaries & Benefits - Labrador	6 438	16 391
	<u>2 250 590</u>	<u>2 149 790</u>
# 40 Instructional Materials		
41 General Supplies	11 689	11 387
42 Library Resource Materials	-	-
43 Teaching Aids	18 142	9 868
44 Textbooks	379	3 552
	<u>30 210</u>	<u>24 807</u>
# 60 Instructional Furniture and Equipment		
61 Replacement	-	343
62 Rentals and Repairs	6 850	6 566
	<u>6 850</u>	<u>6 909</u>
# 80 Instructional Staff Travel		
81 Program Co-ordinators	22 527	27 778
82 Teachers' Travel	14 740	15 062
83 Inservice and Conferences	5 053	6 271
	<u>42 320</u>	<u>49 112</u>
# 90 Other Instructional Costs		
91 French Monitor Program	52 406	54 872
92 Miscellaneous	3 355	-
Special Needs assessments	6 530	8 262
Kinderstart	7 078	16 410
Tuition - Blanc-Sablon	-	17 688
	<u>69 369</u>	<u>97 232</u>
Total Instruction Expenditures	<u>\$ 2 399 338</u>	<u>\$ 2 327 849</u>

Schedule 4

Conseil scolaire francophone provincial

Operations and Maintenance Expenditures - Schools
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
53 011 Salaries - Janitorial	\$ 145 720	\$ 127 083
012 - Maintenance - Summer	9 942	9 256
013 Payroll Tax	-	-
014 Electricity	92 028	95 991
015 Fuel	-	-
016 Municipal Service Fee	8 283	7 454
017 Telephone	21 315	20 277
Communications - Distance education	1 571	1 301
018 Vehicle Operating and Travel	178	248
019 Janitorial Supplies	11 932	7 980
021 Janitorial Equipment	2 284	2 288
022 Repairs and Maintenance - Buildings	30 769	36 906
023 - Equipment	12 640	14 438
024 Contracted Services - Janitorial	500	-
025 Snow Clearing	25 428	23 350
026 Rentals	95 938	95 977
027 Other (Miscellaneous)	3 389	2 460
	<u>3 389</u>	<u>2 460</u>
Total Operations and Maintenance	<u>\$ 461 918</u>	<u>\$ 445 009</u>

Schedule 5

Conseil scolaire francophone provincial

Pupil Transportation Expenditure
Year Ended June 30, 2004

		<u>2004</u>	<u>2003</u>
54	010 Operation and Maintenance of Board		
	Owned Fleet	\$ -	\$ -
	011 Salaries and Benefits- Administration		
	012 - Drivers and Mechanics	-	-
	013 Payroll Tax	-	-
	014 Debt Repayment- Interest	-	-
	015 - Principal	-	-
	016 Bank Charges	-	-
	017 Gas and Oil	-	-
	018 Licenses	-	-
	019 Insurance	-	-
	021 Repairs and Maintenance - Fleet	-	-
	022 - Building	-	-
	023 Tires and Tubes	-	-
	024 Heat and Light	-	-
	025 Municipal Service	-	-
	026 Snow Clearing	-	-
	027 Office Supplies	-	-
	028 Rent	-	-
	029 Travel	-	-
	031 Professional Fees	-	-
	032 Miscellaneous	-	-
	033 Telephone	-	-
	034 Vehicle Leases	-	-
		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
54	040 Contracted Services		
	041 Regular Transportation	209 637	201 093
	042 Handicapped	-	-
		<u>209 637</u>	<u>201 093</u>
	Pupil Transportation Expenditures	<u>\$ 209 637</u>	<u>\$ 201 093</u>

Conseil scolaire francophone provincial

Ancillary Services and Miscellaneous Expenses Year Ended June 30, 2004

Schedule 6

Ancillary Services

The Board owns and operates the following ancillary services:

	<u>2004</u>	<u>2003</u>
55 Ancillary Services		
011 Operation of Teachers' Residences	\$ -	\$ -
031 Cafeterias	-	-
032 Other - Environmental Centre	-	-
	<u>\$ -</u>	<u>\$ -</u>

Schedule 7

Miscellaneous Expenses

The Board has incurred the following miscellaneous expenses:

Other	4 847	-
	<u>4 847</u>	<u>-</u>
57 011 Miscellaneous Expenses	<u>\$ 4 847</u>	<u>\$ -</u>

Conseil scolaire francophone provincial

Details of Property and Equipment
Year Ended June 30, 2004

	Cost 2003	Additions 2004	Cost 2004	Accumulated Amortization 2004	Net book value 2004	Net book value 2003
12 210 Land and Sites						
211 Land and Sites	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
12 220 Buildings						
221 Schools	7 157 383	1 898 068	9 055 451	2 763 499	6 291 952	4 522 256
222 Administration	-	-	-	-	-	-
223 Residential	-	-	-	-	-	-
224 Recreational	-	-	-	-	-	-
225 Other	-	-	-	-	-	-
	<u>7 157 383</u>	<u>1 898 068</u>	<u>9 055 451</u>	<u>2 763 499</u>	<u>6 291 952</u>	<u>4 522 256</u>
12 230 Furniture and Equip.						
231 Schools	231 234	18 154	249 388	163 974	85 414	92 998
232 Administration	154 763	893	155 656	125 174	30 482	41 835
233 Residential	-	-	-	-	-	-
234 Recreation	-	-	-	-	-	-
235 Other	-	-	-	-	-	-
	<u>385 997</u>	<u>19 047</u>	<u>405 044</u>	<u>289 148</u>	<u>115 896</u>	<u>134 833</u>
12 240 Vehicles						
241 Service Vehicles	-	-	-	-	-	-
12 250 Pupil Transportation						
251 Land	-	-	-	-	-	-
252 Building	-	-	-	-	-	-
253 Vehicles - Buses	-	-	-	-	-	-
254 - Service	-	-	-	-	-	-
255 Equipment	-	-	-	-	-	-
256 Other	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
12 260 Misc. Capital Assets						
261 Other	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Property and Equipment	<u>\$ 7 543 380</u>	<u>\$ 1 917 115</u>	<u>\$ 9 460 495</u>	<u>\$ 3 052 647</u>	<u>\$ 6 407 848</u>	<u>\$ 4 657 089</u>

Schedule 9

Conseil scolaire francophone provincial

Details of Long Term Debt
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
22 210 Loans Other than Pupil Transportation	<u>\$</u>	<u>\$</u>
Ref. #		
211 Bank Loans		
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Total 211	<u>-</u>	<u>-</u>
212 Mortgages		
Repayable \$ annually, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Total 212	<u>-</u>	<u>-</u>
213 Debentures		
Repayable \$ annually, maturing	-	-
Repayable \$ monthly, maturing	-	-
Total 213	<u>-</u>	<u>-</u>
Subtotal	<u>-</u>	<u>-</u>
215 Less Current Maturities	<u>-</u>	<u>-</u>
Total Loans Other Than Pupil Transportation	<u>-</u>	<u>-</u>

Schedule 9 (Cont'd)

Conseil scolaire francophone provincial

Details of Long Term Debt
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
22 220 Loans - Pupil Transportation		
Ref. #		
221 Vehicle Bank Loans		
Repayable \$ monthly, maturing	\$ -	\$ -
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Total 221	-	-
222 Land, Buildings and Equipment Bank Loans		
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Repayable \$ monthly, maturing	-	-
Total 222	-	-
Subtotal	-	-
223 Less Current Maturities	-	-
Total Loans - Pupil Transportation	-	-
Total Long Term Debt	<u>\$ -</u>	<u>\$ -</u>

Schedule 9A

Conseil scolaire francophone provincial

Summary of Long Term Debt
Year Ended June 30, 2004

Description	Ref#	Rate	Loans		Principal Repayment for Period	Balance End of Period
			Balance Beginning of Period	Obtained During Period		
A; School Construction			\$ -	\$ -	\$ -	\$ -
B; Equipment			-	-	-	-
C; Service Vehicles			-	-	-	-
D; Other						
Integrated Education Council 8% - 9 3/4%			-	-	-	-
E; Pupil Transportation			-	-	-	-
Total Loans			<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule 9B

Conseil scolaire francophone provincial

Schedule of Current Maturities
Year Ended June 30, 2004

Description	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ -	\$ -	\$ -	\$ -	\$ -
B) Equipment	-	-	-	-	-
C) Service Vehicles	-	-	-	-	-
D) Other	-	-	-	-	-
E) Pupil Transportation	-	-	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule 9C

Conseil scolaire francophone provincial

Schedule of Interest Expense
Year Ended June 30, 2004

	<u>2004</u>	<u>2003</u>
56 010		
<u>Description</u>		
012 Capital		
School Construction	\$ -	\$ -
IEC	-	-
Equipment	-	-
Service Vehicles	-	-
Other		
Energy Management	-	-
Total Capital	<u>-</u>	<u>-</u>
013 Current - Operating Loans	-	-
014 - Supplier Interest	-	-
- Charges	-	-
Total Current	<u>-</u>	<u>-</u>
Total Interest Expense	<u>\$ -</u>	<u>\$ -</u>

Conseil scolaire francophone provincial

Supplementary Information
Year Ended June 30, 2004

		<u>2004</u>	<u>2003</u>
1.	<u>Cash</u>		
	<u>Current</u>		
11	110 Cash on Hand and in Bank	\$ -	\$ -
	111 Cash on Hand	-	-
	112 Bank - Current	(24 638)	(9 503)
	113 - Savings	-	-
	114 - Teachers' Payroll	-	-
	115 - Non Teachers' Payroll	-	-
	116 - Coupon (Debenture)	-	-
	117 - Other (Petty Cash)	-	-
		<u>(24 638)</u>	<u>(9 503)</u>
	<u>Capital</u>		
11	210 Cash on Hand and in Bank	-	-
	211 Cash on Hand	-	-
	212 Bank - Current	-	-
	213 - Savings	-	-
	214 - Other	-	-
		<u>-</u>	<u>-</u>
	Total Cash on Hand and in Bank	<u>(24 638)</u>	<u>(9 503)</u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11	121 Term Deposits	275 000	100 000
	122 Canada Savings Bonds	-	-
	123 Other		
	- Canada Treasury Bills	-	-
	- Mutual Funds	-	-
	- Balance in Broker account	-	-
	- Guaranteed Investment Certificate	-	-
		<u>-</u>	<u>-</u>
	<u>Capital</u>		
11	221 Term Deposits	-	-
	222 Canada Savings Bonds	-	-
	223 Other	-	-
		<u>-</u>	<u>-</u>
	Total Short Term Investments	<u>\$ 275 000</u>	<u>\$ 100 000</u>

Conseil scolaire francophone provincial

Supplementary Information Year Ended June 30, 2004

		<u>2004</u>	<u>2003</u>
3.	<u>Prepaid Expenses</u>		
	<u>Current</u>		
11	141 Insurance		
	142 Municipal Service Fees	\$ -	\$ -
	143 Supplies	-	-
	144 Other		
	- Building Leases - July month	9 932	9 932
	- Workers' Compensation Commission	13 616	4 787
	- Salaries	3 631	-
	- Teachers in-service - advance	876	-
	- Airplane Tickets	1 520	715
	- Board meetings - advance	1 804	-
	- Moving expenses - advance	1 868	-
	- Other	2 698	927
		-	-
	<u>Capital</u>	-	-
11	241 Other		
		<u>\$ 35 944</u>	<u>\$ 16 361</u>

**CONSUMER PROTECTION FUND FOR
PREPAID FUNERAL SERVICES**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

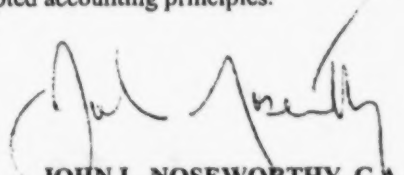
AUDITOR'S REPORT

To the Minister of Government Services
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Consumer Protection Fund for Prepaid Funeral Services as at 31 March 2005 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
6 June 2005

**CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
BALANCE SHEET**

31 March

2005

2004

ASSETS

Current

Cash	\$ -	\$ 5,614
Accounts receivable	1,276	1,051
	<u>\$ 1,276</u>	<u>\$ 6,665</u>

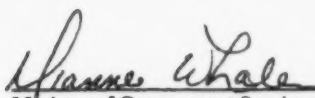
LIABILITIES AND DEFICIT

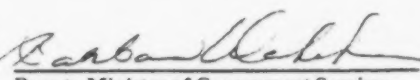
Current

Bank indebtedness (Note 2)	\$ 159,912	\$ 143,802
Accounts payable and accrued liabilities	3,125	1,720
	<u>163,037</u>	<u>145,522</u>
Liability for claims arising from prepaid funeral services contracts (Note 3)	229,324	280,176
	<u>392,361</u>	<u>425,698</u>
Deficit	<u>(391,085)</u>	<u>(419,033)</u>
	<u>\$ 1,276</u>	<u>\$ 6,665</u>

See accompanying notes

Signed on behalf of the Fund:


Minister of Government Services


Deputy Minister of Government Services

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March

2005

2004

REVENUES

Assessments (Note 4)	\$ 37,956	\$ 32,218
----------------------	-----------	-----------

EXPENSES

Claims arising from prepaid funeral services contracts (Note 3)	1,161	405
Interest and bank charges	5,681	6,427
Professional services	3,166	2,100

	10,008	8,932
--	--------	-------

Excess of revenues over expenses	27,948	23,286
----------------------------------	--------	--------

Deficit, beginning of year	(419,033)	(442,319)
----------------------------	-----------	-----------

Deficit, end of year	\$ (391,085)	\$ (419,033)
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See accompanying notes

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2005	2004
Cash flows from operating activities		
Excess of revenues over expenses	\$ 27,948	\$ 23,286
Change in non-cash working capital	1,180	115
	<u>29,128</u>	<u>23,401</u>
Cash flows from financing activities		
Liability for claims arising from prepaid funeral services contracts (Note 3)	1,161	405
Payment of claims arising from prepaid funeral services contracts (Note 3)	(52,013)	(29,159)
	<u>(50,852)</u>	<u>(28,754)</u>
Net decrease in cash and cash equivalents	(21,724)	(5,353)
Cash and cash equivalents, beginning of year	(138,188)	(132,835)
Cash and cash equivalents, end of year	\$ (159,912)	\$ (138,188)
Cash and cash equivalents include:		
Cash	\$ -	\$ 5,614
Bank indebtedness	(159,912)	(143,802)
	<u>\$ (159,912)</u>	<u>\$ (138,188)</u>

See accompanying notes

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Consumer Protection Fund for Prepaid Funeral Services (the Assurance Fund) was established under the *Prepaid Funeral Services Act* for the purpose of paying in whole or in part, claims arising out of a prepaid funeral contract against a person who holds or held a licence under the *Act*.

1. Significant accounting policies

These financial statements have been prepared by the Assurance Fund's management in accordance with Canadian generally accepted accounting principles.

2. Bank indebtedness

The Assurance Fund has a \$200,000 revolving demand credit facility guaranteed by the Province. Interest is charged at the bank's prime rate. As at 31 March 2005, \$159,912 (2004 - \$143,802) had been drawn down on this line of credit.

3. Liability for claims arising from prepaid funeral services contracts

The liability for claims arising from prepaid funeral services contracts resulted from the failure of a funeral home in Port aux Basques in November 2000 where 88 customers had purchased prepaid funerals totalling \$492,790. An additional claim has also been recognized for a customer who was not included in the original liability. During the year 10 claims (2004 - 5) relating to these prepaid funeral services contracts were paid by the Assurance Fund. Details of the change in the liability are as follows:

	<u>2005</u>	<u>2004</u>
Liability, beginning of year	\$ 280,176	\$ 308,930
Additional claims arising during the year	1,161	405
Payment of claims during the year	<u>(52,013)</u>	<u>(29,159)</u>
Liability, end of year	<u>\$ 229,324</u>	<u>\$ 280,176</u>

All payments made to funeral homes which subsequently performed the contracted services are net of Harmonized Sales Tax (HST), pending a ruling from the Canada Revenue Agency (CRA). The Province is in the process of determining whether the closed funeral home in Port aux Basques had submitted HST to the CRA.

CONSUMER PROTECTION FUND FOR PREPAID FUNERAL SERVICES
NOTES TO FINANCIAL STATEMENTS
31 March 2005

4. Assessments

A seller of prepaid funeral services is required to pay into the Assurance Fund between 1% and 5% of the cost of each prepaid funeral contract depending on the amount held in trust. During the year, \$37,956 (2004 - \$32,218) was paid to the Assurance Fund.

5. Financial instruments

The Assurance Fund's financial instruments recognized on the balance sheet consist of cash, accounts receivable, bank indebtedness, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

6. Related party transactions

The Assurance Fund is administered by employees of the Department of Government Services. The costs of administration are paid directly by the Department and are not reflected in these financial statements. The costs of administration are offset by licence fees collected by the Department.

7. Income taxes

The Assurance Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

CORMACK TRAIL SCHOOL BOARD
STEPHENVILLE, NEWFOUNDLAND

FINANCIAL STATEMENTS/AUDITOR'S REPORT

August 31, 2004

Auditors' Report

To The Members of The Cormack Trail School Board

We have audited the balance sheet of the current and capital funds of the Cormack Trail School Board as at August 31, 2004, and the related statements of current revenues, expenditures and Board equity, and statement of changes in capital fund position for the 14 month period then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004 and the results of its operations and changes in its capital financial position for the 14 month period then ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

Stephenville, Newfoundland
City

November 4, 2004
Date

Kerry & Roberts
Chartered Accountants

Cormack Trail School Board

BALANCE SHEET

August 31, 2004

Assets

	(August 31) <u>2004</u>	<u>2003</u>
Current Assets		
Cash (Supp. Info. 1)	\$ 1,070,722	\$ 613,940
Short Term Investments (Supp. Info. 2)	--	--
Accounts Receivable (Note 2)	312,042	3,958,948
Prepaid Expenses (Supp. Info. 3)	<u>35,671</u>	<u>49,117</u>
Total Current Assets	<u>1,418,435</u>	<u>4,622,005</u>
Property and Equipment (Sch. 8)	<u>69,502,625</u>	<u>69,109,624</u>
	<u>\$ 70,921,060</u>	<u>\$ 73,731,629</u>

Liabilities and Board Equity

Current Liabilities		
Bank Indebtedness (Note 3)	\$ --	\$ --
Accounts Payable and Accrued (Note 4)	548,955	4,340,804
Current Maturities (Schedule 9A)	<u> </u>	<u>40,000</u>
Total Current Liabilities	<u>548,955</u>	<u>4,380,804</u>
Long-Term Debt (Schedule 9)	<u>--</u>	<u>--</u>
Severance Pay Accrual	<u>7,547,466</u>	<u>7,698,938</u>
Board Equity		
Investment in Capital Assets (Note 6)	69,555,101	69,162,100
Reserve Account (Note 5)	200,987	200,987
Board Equity	<u>(6,931,449)</u>	<u>(7,711,200)</u>
Total Board Equity	<u>62,824,639</u>	<u>61,651,887</u>
	<u>\$ 70,921,060</u>	<u>\$ 73,731,629</u>

See Accompanying Notes

Approved: N. B. Anderson Chairman
B. Tooley Secretary

Cormack Trail School Board

Statement of Current Revenues, Expenditures and Board Equity
Fourteen Month Ended August 31, 2004

	(August 31) <u>2004</u>	<u>2003</u>
Current Revenue (Schedule 1)		
Provincial Government Grants	\$ 46,323,900	\$ 41,707,422
Donations	--	--
Ancillary Services	12,250	12,250
Miscellaneous	<u>611,032</u>	<u>680,839</u>
	<u>46,947,182</u>	<u>42,400,511</u>
 Current Expenditures		
Administration (Schedule 2)	1,392,773	1,134,024
Instruction (Schedule 3)	38,035,765	35,590,854
Operations and Maintenance (Schedule 4)	4,648,089	4,155,541
Pupil Transportation (Schedule 5)	2,108,084	2,062,211
Ancillary Services (Schedule 6)	27,930	8,167
Interest Expense (Schedule 9C)	290	1,129
Miscellaneous (Schedule 7)	<u>24,513</u>	<u>20,151</u>
	<u>46,237,444</u>	<u>42,972,077</u>
 23 111 Excess of Revenue over Expenditures	709,738	(570,566)
Transfer to/from Capital	<u>70,013</u>	<u>167,965</u>
Net Increase/Decrease in Board Equity	779,751	(403,601)
Board Equity, Beginning of Year	<u>(7,711,200)</u>	<u>(7,307,599)</u>
	(6,931,449)	(7,711,200)
Less Transferred to Reserve Account	<u>--</u>	<u>--</u>
Board Equity, End of Year	<u>\$ (6,931,449)</u>	<u>\$ (7,711,200)</u>

See Accompanying Notes

Cormack Trail School Board
Statement of Changes in Financial Position
Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
60	<u>Operating Activities</u>		
011	Excess of Revenue over Expenditures	\$ 709,738	\$ (570,566)
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments	--	4,300
014	- Accounts Receivable	3,646,906	313,177
015	- Prepaid Expenses	13,446	(16,124)
014	- Accounts Payable & Accrued Expenses	(3,791,849)	(209,017)
015	- Current Maturities	(40,000)	40,000
016	Other (Specify)		
	- Increase (Decrease) in Severance		
	Pay Accrual	(151,472)	414,059
	- Increase in reserve account	--	200,987
		<u>386,769</u>	<u>175,816</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	--	90,000
012	Grants - Capital	358,900	495,252
013	Other Capital Revenues	--	--
014	Changes in Long-Term Debt	--	(40,000)
015	Other (Specify)	--	--
	- Recovery of Expenditures	4,314	8,585
	- Transfer from reserve	100,000	--
		<u>463,014</u>	<u>553,837</u>
62	<u>Investing Activities</u>		
011	Proceeds on Sale of Capital Assets	--	13,076
012	Additions to Property and Equipment	(393,001)	(774,876)
013	Other (Specify)	--	--
		<u>(393,001)</u>	<u>(761,800)</u>
63	Increase (Decrease) in Cash	<u>456,782</u>	<u>(32,147)</u>
64	Cash, Beginning of The Year	<u>613,940</u>	<u>646,087</u>
65	Cash, End of The Year	<u>\$ 1,070,722</u>	<u>\$ 613,940</u>

See Accompanying Notes

Cormack Trail School Board

Statement of Changes in Capital Fund

Fourteen Month Ended August 31, 2004

		(August 31) 2004	2003
70	Capital Receipts		
71	Proceeds from Bank Loans		
011	- School Construction	\$ --	\$ --
012	- Equipment	--	--
013	- Service Vehicles	--	90,000
014	- Pupil Transportation	--	--
015	- Other (Specify)	--	--
		<u>--</u>	<u>90,000</u>
72	EIC Grants		
011	School Construction and Equipment	--	--
012	Other	--	--
		<u>--</u>	<u>--</u>
73	Donations		
011	- Cash Receipts	--	--
012	- Non-Cash Receipts	--	--
013	- Restricted Use	--	--
		<u>--</u>	<u>--</u>
74	Sale of Capital Assets - Proceeds		
011	- Land	--	12,076
012	- Buildings	--	--
013	- Equipment	--	--
014	- Service Vehicles	--	1,000
015	- Pupil Transportation Vehicles	--	--
016	- Other (Specify)	--	--
		<u>--</u>	<u>13,076</u>
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments	--	--
012	- Premiums on Debentures	--	--
013	- Recoveries of Expenditures	4,314	8,585
015	- Insurance Proceeds	--	--
016	- Native Peoples Grants	--	--
017	- Miscellaneous - Special Incentives	358,700	495,252
		<u>363,014</u>	<u>503,837</u>
Total Capital Receipts		<u>363,014</u>	<u>606,913</u>
77	Transfer from Reserve Account	<u>100,000</u>	<u>--</u>
78	Transfer to/from Current Fund	<u>(70,013)</u>	<u>167,965</u>
Total		<u>\$ 393,001</u>	<u>\$ 774,878</u>

See Accompanying Notes

Cormack Trail School Board
Statement of Changes in Capital Fund (Cont'd)
Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
80	<u>Capital Disbursements</u>		
81	Additions to Property & Equipment		
011	- Land and Sites	\$ --	\$ --
012	- Buildings	--	427,183
013	- Furniture & Equipment - School	377,517	264,788
014	- Furniture & Equipment - Other	15,484	--
015	- Service Vehicles	--	82,907
016	- Pupil Transportation	--	--
017	- Other (Specify)	--	--
		<u>393,001</u>	<u>774,878</u>
82	Principal Repayment of Long-Term Debt		
011	- School Construction	--	--
012	- Equipment	--	--
013	- Service Vehicles	--	--
014	- Other (Specify)	--	--
		<u>--</u>	<u>--</u>
83	Miscellaneous Disbursements		
013	- Other (Specify)- Accounts payable	--	--
	Total Capital Disbursements	<u>\$ 393,001</u>	<u>\$ 774,878</u>

See Accompanying Notes

Cormack Trail School Board

Notes to The Financial Statements

Fourteen Month Ended August 31, 2004

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

(a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also, amounts paid to construction companies from the EIC on behalf of the Board for capital projects are treated as capital revenues.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The Board does not calculate or record amortization on any of its capital assets.

Cormack Trail School Board
NOTES TO THE FINANCIAL STATEMENTS
Fourteen Month Ended August 31, 2004

2. <u>Accounts Receivable</u>		(August 31)	
		<u>2004</u>	<u>2003</u>
<u>Current</u>			
11 131	Provincial Government	\$ --	\$ 3,786,621
132	Transportation	--	--
133	Federal Government	178,908	154,692
136	Other School Boards	--	--
137	Rent	--	--
138	Interest	--	--
139	Travel Advances and Miscellaneous	<u>133,134</u>	<u>17,635</u>
		312,042	3,958,948
 <u>Capital</u>			
11 231	EIC - Construction Grants	--	--
233	Local Contributions	--	--
234	Other School Boards	--	--
235	Other (Specify) - Province	<u>--</u>	<u>--</u>
		<u>\$ 312,042</u>	<u>\$ 3,958,948</u>
 3. <u>Bank Indebtedness</u>			
21 131	On Operating Credit	\$ --	\$ --
132	On Capital Account	<u>--</u>	<u>--</u>
		<u>\$ --</u>	<u>\$ --</u>

Cormack Trail School Board

Notes to the Financial Statements

Fourteen Month Ended August 31, 2004

4. <u>Accounts Payable and Accrued</u>		(August 31)	
		<u>2004</u>	<u>2003</u>
<u>Current</u>			
21 111	Trade Payable	\$ --	\$ 82,530
112	Accrued - Liabilities	340,368	159,004
113	- Interest	--	--
114	- Wages	--	3,864,234
115	Payroll Deductions	9,725	5,231
116	Retail Sales Tax	--	--
117	Deferred Grants	26,413	110,866
118	Other - Playground donation	--	--
	- Vacation Payable	<u>172,449</u>	<u>113,180</u>
		548,955	4,335,045
<u>Capital</u>			
21 211	Trade Payable	--	5,759
212	Accrued - Liabilities	--	--
213	- Interest	--	--
217	Deferred Grants	--	--
218	Other (Specify)	--	--
		<u>\$ 548,955</u>	<u>\$ 4,340,804</u>

Cormack Trail School Board
Notes to the Financial Statements
Fourteen Month Ended August 31, 2004

5. Reserve Account

Description:

	(August 31) <u>2004</u>	<u>2003</u>
Balance, Beginning of Year	\$ 200,987	\$ --
Less Transfer from Reserve	<u>--</u>	<u>--</u>
	200,987	--
Add Transfer to Reserve	<u>--</u>	<u>200,987</u>
Balance, End of Year	<u>\$ 200,987</u>	<u>\$ 200,987</u>

Cormack Trail School Board

Notes to The Financial Statements

Fourteen Month Ended August 31, 2004

	(August 31) <u>2004</u>	<u>2003</u>
6. Investment in Capital Assets, beginning of year	\$ 69,162,100	\$ 69,605,139
Add:		
Transfer of Operating funds to Capital Fund	(70,013)	167,965
Grants		
- EIC - Contribution for Capital Const.	--	--
- Other - Special Incentives	358,700	384,513
Capital projects funded by EIC but paid directly to other sources on behalf of Board.	--	--
Donations - Playground equipment	--	--
Proceeds from Sale of Capital Assets		
- Land	--	12,076
- Buildings	--	--
- Equipment	--	--
- Vehicles	--	1,000
- Other-Bank loan principle	--	90,000
Interest on Capital Fund Investments	--	--
Recoveries of Expenditures	4,314	8,585
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Miscellaneous (Specify) - Reserve Account	<u>100,000</u>	<u>110,739</u>
	<u>69,555,101</u>	<u>70,380,017</u>
Deduct Adjustments:		
Cost of assets sold		
- Land		(14,076)
- Buildings		(1,106,385)
- Equipment		--
- Vehicles		(97,456)
- Other	--	--
	--	<u>(1,217,917)</u>
Other	--	--
23 221 Investment in Capital Assets, End of Year	<u>\$ 69,555,101</u>	<u>\$ 69,162,100</u>

Cormack Trail School Board

Notes to The Financial Statements

Fourteen Month Period Ended August 31, 2004

7. Commitments

At balance sheet date the Board had the following commitments:

Schedule 1

Cormack Trail School Board

Current Revenues

Fourteen Month Ended August 31, 2004

	(August 31) <u>2004</u>	<u>2003</u>
<u>Current Revenues</u>		
32 010 Provincial Government Grants		
011 Regular	\$ 8,160,628	\$ 5,879,572
016 Special Grants (Details on bottom of Schedule 1)	81,417	67,672
Salaries and Benefits		
017 - Directors and Asst. Directors	349,552	266,706
021 - Regular Teachers	33,943,184	31,877,220
022 - Substitute Teachers	902,317	728,928
023 - Student Assistants	809,521	826,740
030 Pupil Transportation		
031 - Board Owned	--	--
032 - Contracted	1,707,406	1,742,464
033 - Handicapped	<u>369,875</u>	<u>318,120</u>
	<u>46,323,900</u>	<u>41,707,422</u>
33 010 Donations		
012 Cash Receipts	--	--
013 Non-Cash Receipts	--	--
014 Restricted Use	<u>--</u>	<u>--</u>
	<u>--</u>	<u>--</u>

Schedule 1 (Cont'd)

Cormack Trail School Board

Current Revenues

Fourteen Month Ended August 31, 2004

		(August 31) <u>2004</u>	<u>2003</u>
34 010	Ancillary Services		
011	Revenues from Rental of Residences	\$ 12,250	\$ 12,250
021	Revenues from Rental of Schools and Facilities (Net)	--	--
031	Cafeterias	--	--
032	Other - (Specify)	--	--
		<u>12,250</u>	<u>12,250</u>
35 010	Miscellaneous		
011	Interest on Investments	31,676	30,787
012	Bus Charters	--	--
021	Recoveries of Expenditures	102,867	102,850
031	Revenues from Other School Boards	--	--
051	Insurance Proceeds	42,771	134,304
061	Miscellaneous Provincial Grant	45,416	110,726
071	Operating Rev. from Native Peoples Grant	--	--
081	Miscellaneous Federal Grants	280,522	210,584
091	Textbooks	91,402	84,088
092	Sundry	16,378	7,500
		<u>611,032</u>	<u>680,839</u>
	Total Current Revenues	<u>\$ 46,947,182</u>	<u>\$ 42,400,511</u>
	<u>Special Grants</u>		
	French Monitor	\$ 17,147	\$ 12,530
	French Immersion	15,574	11,194
	Kinderstart	--	--
	School Board Election Grant	--	--
	Textbook Credit Allocation	10,944	11,740
	English Preschool	--	--
	Other (Specify)	37,752	32,208
		<u>\$ 81,417</u>	<u>\$ 67,672</u>

Schedule 2

Cormack Trail School Board

Administration Expenditures

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
51	Salaries and Benefits		
011	- Directors and Assistant Directors	\$ 349,552	\$ 247,125
012	- Board Office Personnel	672,431	525,089
013	Office Supplies	31,693	24,093
014	Replacement Furniture and Equipment	3,078	995
015	Postage	21,731	18,759
016	Telephone	25,239	35,606
017	Office Equipment Rentals and Repairs	17,095	19,307
018	Bank Charges	65	--
019	Electricity	--	6,586
021	Fuel	2,446	12,379
022	Insurance	--	4,573
023	Repairs and Maintenance (Office Building)	--	--
024	Travel	147,359	130,653
025	Board Meeting Expenses	8,634	8,158
026	Election Expenses	--	--
027	Professional Fees	46,935	42,485
028	Advertising	38,742	31,334
029	Membership Dues	27,749	25,994
031	Municipal Service Fees	--	648
032	Rental of Office Space	--	--
033	Janitorial	--	--
034	Miscellaneous	24	240
035	Payroll Tax	--	--
	Total Administration Expenditures	<u>\$ 1,392,773</u>	<u>\$ 1,134,024</u>

Cormack Trail School Board

Instruction Expenditures

Fourteen Month Ended August 31, 2004

	(August 31)	
	<u>2004</u>	<u>2003</u>
52 010 Instructional Salaries (Gross)		
011 Teachers' Salaries - Regular	\$ 28,958,228	\$ 27,669,587
012 - Substitute	902,317	800,851
013 - Board Paid	110,870	86,730
014 Augmentation	--	--
015 Employee Benefits	5,414,939	4,530,828
016 School Secretaries - Salaries & Benefits	642,291	519,299
017 Payroll Tax	--	--
018 Other - Student Assistants	<u>809,521</u>	<u>806,370</u>
	<u>36,838,166</u>	<u>34,413,665</u>
52 040 Instructional Materials		
041 General Supplies	385,787	158,999
042 Library Resource Materials	2,671	24,596
043 Teaching Aids	120,492	170,045
044 Textbooks	<u>95,487</u>	<u>82,951</u>
	<u>604,437</u>	<u>436,591</u>
52 060 Instructional Furniture and Equipment		
061 Replacement	865	1,475
062 Rentals and Repairs	13,726	66,967
063 Copier Costs	<u>365</u>	<u>127,538</u>
	<u>14,956</u>	<u>195,980</u>
52 080 Instructional Staff Travel		
081 Program Co-ordinators	93,703	68,618
082 Teachers' Travel	123,280	118,053
083 Inservice and Conferences	10,328	15,192
084 Student Travel	<u>16,701</u>	<u>17,741</u>
	<u>244,012</u>	<u>219,604</u>
52 090 Other Instructional Costs		
091 Postage and Stationery	--	--
092 Miscellaneous	1,517	3,705
093 HRD	<u>332,677</u>	<u>321,309</u>
	<u>334,194</u>	<u>325,014</u>
Total Instruction Expenditures	<u>\$ 38,035,765</u>	<u>\$ 35,590,854</u>

Schedule 4

Cormack Trail School Board

Operations and Maintenance Expenditures - Schools

Fourteen Month Ended August 31, 2004

	(August 31)	
	<u>2004</u>	<u>2003</u>
53 011 Salaries & Benefits - Janitorial	\$ 1,770,291	\$ 1,459,788
012 Salaries & Benefits - Maintenance	581,515	526,243
013 Payroll Tax	--	--
014 Electricity	1,110,374	1,063,219
015 Fuel	77,271	98,007
016 Municipal Service Fee	112,593	--
017 Telephone	222,466	194,620
018 Vehicle Operating and Travel	55,378	37,393
019 Janitorial Supplies	146,661	102,276
021 Janitorial Equipment	2,156	1,912
022 Repairs and Maintenance - Buildings	447,683	417,439
023 - Equipment	2,689	5,125
024 Contracted Services - Janitorial	--	--
025 Snow Clearing	119,012	166,646
026 Rentals	--	--
027 Other (Specify)	--	--
Total Operations and Maintenance	<u>\$ 4,648,089</u>	<u>\$ 4,155,541</u>

Cormack Trail School Board
Pupil Transportation Expenditure
Fourteen Month Ended August 31, 2004

	(August 31) <u>2004</u>	<u>2003</u>
54 010 Operation and Maintenance of Board		
Owned Fleet		
011 Salaries - Administration	\$ --	\$ --
012 - Drivers and Mechanics	--	--
013 Payroll Tax	--	--
014 Debt Repayment - Interest	--	--
016 Bank Charges	--	--
017 Gas and Oil	--	--
018 Licenses	--	--
021 Repairs and Maintenance - Fleet	--	--
022 - Building	--	--
023 Tires and Tubes	--	--
024 Heat and Light	--	--
025 Municipal Service	--	--
026 Snow Clearing	--	--
027 Office Supplies	--	--
028 Rent	--	--
029 Travel	--	--
031 Professional Fees	--	--
032 Miscellaneous	--	--
033 Telephone	--	--
034 Vehicle leases	--	--
	--	--
54 040 Contracted Services		
041 Regular Transportation	1,679,906	1,714,964
042 Handicapped	399,079	318,120
Salaries and benefits	27,500	27,500
Miscellaneous	1,599	1,627
	2,108,084	2,062,211
Pupil Transportation Expenditures	<u>\$ 2,108,084</u>	<u>\$ 2,062,211</u>

Schedule 6

Cormack Trail School Board
Ancillary Services and Miscellaneous Expenses
Fourteen Month Ended August 31, 2004

Ancillary Services

The Board owns and operates the following ancillary services:

	(August 31) <u>2004</u>	<u>2003</u>
55 Ancillary Services		
011 Operation of Teachers' Residences	\$ 27,930	\$ 8,167
031 Cafeterias	--	--
032 Other (Specify)	--	--
	<u>\$ 27,930</u>	<u>\$ 8,167</u>

Schedule 7

Miscellaneous Expenses (Specify)

The Board has incurred the following miscellaneous expenses:

57 011 Miscellaneous Expenses (Specify)		
- Employee Assistance Program	<u>\$ 24,513</u>	<u>\$ 20,151</u>

Cormack Trail School Board

Details of Property and Equipment

Fourteen Month Ended August 31, 2004

	Balance June 30, 2003	Additions	Disposals	Balance August 31, 2004
12 210 Land and Sites				
211 Land and Sites	\$ 309,956	\$ --	\$ --	\$ 309,956
12 220 Buildings				
221 Schools	63,095,949	--	--	63,095,949
222 Administration	187,581	--	--	187,581
223 Residential	135,993	--	--	135,993
224 Recreational	--	--	--	--
225 Other (Specify)	--	--	--	--
	<u>63,419,523</u>	<u>--</u>	<u>--</u>	<u>63,419,523</u>
12 230 Furniture and Equip.				
231 Schools	5,010,166	377,517	--	5,387,683
232 Administration	188,219	5,685	--	193,904
233 Residential	1,534	--	--	1,534
234 Recreation	77,206	9,799	--	87,005
235 Other (Specify)	5,450	--	--	5,450
	<u>5,282,575</u>	<u>393,001</u>	<u>--</u>	<u>5,675,576</u>
12 240 Vehicles				
241 Service Vehicles	97,570	--	--	97,570
12 250 Pupil Transportation				
251 Land	--	--	--	--
252 Building	--	--	--	--
253 Vehicles - Buses	--	--	--	--
254 - Service	--	--	--	--
255 Equipment	--	--	--	--
256 Other (Specify)	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
12 260 Misc. Capital Assets -				
261 Other (Specify)	--	--	--	--
Total Property and Equipment	<u>\$ 69,109,624</u>	<u>\$ 393,001</u>	<u>\$ --</u>	<u>\$69,502,625</u>

Cormack Trail School Board

Details of Long-term Debt

Fourteen Month Ended August 31, 2004

			(August 31)	
			2004	2003
22 210	Loans Other than Pupil Transportation			
	<u>Ref. #</u>			
211	Bank Loans			
	Repayable \$ _____ monthly, maturing _____	\$ --	\$ --	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
Total 211		--	--	
212	Mortgages			
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
Total 212		--	--	
213	Debentures			
	Repayable \$ _____ monthly, maturing _____	--	--	
	Repayable \$ _____ monthly, maturing _____	--	--	
Total 213		--	--	
214	Other (Please Specify)-Service Vehicle	--	40,000	
	Subtotal	--	--	
215	Less Current Maturities	--	40,000	
	Total Loans Other Than Pupil Transportation	--	--	

Cormack Trail School Board

Details of Long-term Debt

Fourteen Month Ended August 31, 2004

[illegible]

Schedule 9A

Cormack Trail School Board

Summary of Long-term Debt

Fourteen Month Ended August 31, 2004

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of Year Aug.31</u>
A) School Construction			\$ --	\$ --	\$ --	\$ --
B) Equipment			--	--	--	--
C) Service Vehicles			40,000	--	40,000	--
D) Other			--	--	--	--
E) Pupil Transportation			--	--	--	--
			--	--	--	--
Total Loans			<u>\$ 40,000</u>	<u>\$ --</u>	<u>\$ 40,000</u>	<u>\$ --</u>

Schedule 9B

Cormack Trail School Board
Schedule of Current Maturities
Fourteen Month Ended August 31, 2004

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ --	\$ --	\$ --	\$ --	\$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	--	--	--	--	--
D) Other - Office	--	--	--	--	--
E) Pupil Transportation	--	--	--	--	--
Total	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

56 010 Cormack Trail School Board
 Schedule of Interest Expense
 Fourteen Month Ended August 31, 2004

	<u>Description</u>	(August 31) <u>2004</u>	<u>2003</u>
012	Capital		
	School Construction	\$ --	\$ --
	Equipment	--	--
	Service Vehicles	290	759
	Other - Office	--	370
		<u>--</u>	<u>--</u>
	Total Capital	<u>290</u>	<u>1,129</u>
013	Current - Operating Loans		
014	- Supplier Interest Charges	<u>--</u>	<u>--</u>
	Total Current	<u>--</u>	<u>--</u>
	Total Interest Expense	<u>\$ 290</u>	<u>\$ 1,129</u>

Cormack Trail School Board
Supplementary Information
Fourteen Month Ended August 31, 2004

1.	<u>Cash</u>	(August 31) <u>2004</u>	<u>2003</u>
	<u>Current</u>		
11 110	Cash on Hand and in Bank		
111	Cash on Hand	\$ --	\$ --
112	Bank - Current	1,052,729	613,734
113	- Savings	--	--
114	- Teachers' Payroll	17,993	--
115	- Non-Teachers' Payroll	--	--
116	- Coupon (Debenture)	--	--
117	- Other (Specify) - Schools	--	--
	<u>Capital</u>		
11 210	Cash on Hand and in Bank	--	--
211	Cash on Hand	--	--
212	Bank - Current	--	--
213	- Savings	--	--
214	- Other (Specify)	--	--
	Total Cash on Hand & in Bank	<u>\$ 1,070,722</u>	<u>\$ 613,940</u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11 121	Term Deposits	\$ --	\$ --
122	Canada Savings Bonds	--	--
123	Other (Specify)	--	--
	<u>Capita</u>		
11 221	Term Deposits	--	--
222	Canada Savings Bonds	--	--
223	Other (Specify)	--	--
	Total Short Term Investments	<u>\$ --</u>	<u>\$ --</u>

Cormack Trail School Board

Supplementary Information

Fourteen Month Ended August 31, 2004

3. <u>Prepaid Expenses</u>		(August 31)	
		<u>2004</u>	<u>2003</u>
<u>Current</u>			
11 141	Insurance	\$ --	\$ --
142	Municipal Service Fees	--	--
143	Supplies	--	--
144	Other (Specify) - Workers Compensation	35,671	49,117
	- Other	--	--
<u>Capital</u>			
11 241	Other (Specify)	--	--
		<u>\$ 35,671</u>	<u>\$ 49,117</u>

SCHOOL DISTRICT # 3
CORNER BROOK - DEER LAKE - ST. BARBE

FINANCIAL STATEMENTS/AUDITOR'S REPORT

August 31, 2004

Auditors' Report

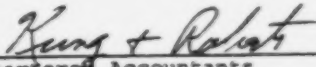
To The Members of School District #3 Corner Brook - Deer Lake - St. Barbe

We have audited the balance sheet of the current and capital funds of School District #3 Corner Brook - Deer Lake - St. Barbe as at August 31, 2004, and the related statements of current revenues, expenditures and District equity, and statement of changes in capital fund position for the fourteen month then ended. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

As required by Section 66 (2) of The Schools Act, we report that the employees whose duties include collecting, receiving or depositing of money are bonded in amounts considered to be sufficient.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the District as at August 31, 2004 and the results of its operations and changes in its capital financial position for the fourteen month then ended, in accordance with Canadian generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.


Chartered Accountants

Stephenville, Newfoundland
City

Date

November 29, 2004

School District #3 Corner Brook - Deer Lake - St. Barbe

BALANCE SHEET

August 31, 2004

Assets

	(August 31) 2004	2003
Current Assets		
Cash	\$ --	\$ --
Short Term Investments	83,755	65,973
Accounts Receivable	574,438	5,623,244
Prepaid Expenses	--	14,671
Total Current Assets	<u>658,193</u>	<u>5,703,888</u>
Property and Equipment	<u>58,479,624</u>	<u>58,766,201</u>
	<u>\$ 59,137,817</u>	<u>\$ 64,470,089</u>

Liabilities and District Equity

Current Liabilities		
Bank Indebtedness	872,579	1,493,607
Accounts Payable and Accrued	209,386	5,292,165
Current Maturities	<u>228,039</u>	<u>186,998</u>
Total Current Liabilities	<u>1,310,003</u>	<u>6,972,770</u>
Severance pay accrual	<u>9,545,932</u>	<u>9,813,742</u>
Long-Term Debt	<u>1,837,363</u>	<u>1,698,313</u>
District Equity		
Investment in Capital Assets	56,414,223	56,880,890
District Equity	<u>(9,969,704)</u>	<u>(10,895,626)</u>
Total District Equity	<u>46,444,519</u>	<u>45,985,264</u>
	<u>\$59,137,817</u>	<u>\$ 64,470,089</u>

Approved: _____

M. Gordon
B. Talley

Chairman

Secretary

School District #3 Corner Brook - Deer Lake - St. Barbe
STATEMENT OF CURRENT REVENUES, EXPENDITURES AND DISTRICT EQUITY
Fourteen Month Ended August 31, 2004

	(August 31) <u>2004</u>	<u>2003</u>
Current Revenue (Schedule 1)		
Provincial Government Grants	\$ 54,929,194	\$ 48,835,877
Donations	77,278	--
Ancillary Services	70,000	60,000
Miscellaneous	<u>527,365</u>	<u>591,855</u>
	<u>55,603,837</u>	<u>49,487,732</u>
 Current Expenditures		
Administration (Schedule 2)	2,162,563	1,726,415
Instruction (Schedule 3)	44,091,201	40,464,683
Operations and Maintenance (Schedule 4)	5,739,001	5,236,550
Pupil Transportation (Schedule 5)	2,812,369	2,795,710
Ancillary Services (Schedule 6)	--	--
Interest Expense (Schedule 9c)	100,829	52,930
Miscellaneous (Schedule 7)	<u>--</u>	<u>--</u>
	<u>54,905,963</u>	<u>50,276,288</u>
 23 111 Excess of Revenue over Expenditures	697,874	(788,556)
Transfer to/from Capital	<u>228,048</u>	<u>(22,848)</u>
Net Increase/Decrease in District Equity	925,922	(811,404)
District Equity, Beginning of Year	<u>(10,895,626)</u>	<u>(10,084,222)</u>
District Equity, End of Year	<u>\$ (9,969,704)</u>	<u>\$ (10,895,626)</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN CAPITAL FUND

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
60	<u>Operating Activities</u>		
011	Excess of Revenue over Expenditures	\$ 697,874	\$ (788,556)
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments	(17,782)	1,777
014	- Accounts Receivable	5,048,806	(541,609)
015	- Prepaid Expenses	14,671	(9,752)
014	- Accounts Payable & Accrued Expenses	(5,082,779)	439,381
015	- Current Maturities	--	--
016	Other (Specify)		
	- Principal payments	252,566	156,424
	- Increase (Decrease) in severance pay accrual	(267,810)	563,754
		<u>645,546</u>	<u>(178,581)</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	432,655	157,704
012	Grants - Deficit Retirement	--	--
013	Other Capital Revenues	--	--
014	Changes in Long-Term Debt	(252,566)	(186,578)
015	Other (Specify)	--	--
		<u>180,090</u>	<u>(28,874)</u>
62	<u>Investing Activities</u>		
011	Proceeds on Sale of Capital Assets	318,400	15,586
012	Additions to Property and Equipment	(523,053)	(165,982)
013	Other (Specify)	45	--
		<u>(204,608)</u>	<u>(150,396)</u>
63	Increase (Decrease) in Cash	<u>621,028</u>	<u>(357,851)</u>
64	Cash, Beginning of The Year	<u>(1,493,607)</u>	<u>(1,135,756)</u>
65	Cash, End of The Year	<u>\$ (872,579)</u>	<u>\$ (1,493,607)</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN CAPITAL FUND
(Unaudited)

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
70	<u>Capital Receipts</u>		
71	Proceeds from Bank Loans		
011	- School Construction	\$ --	\$ --
012	- Equipment	--	--
013	- Service Vehicles	30,694	--
014	- Pupil Transportation	401,962	157,704
015	- Other (Specify)	--	--
		<u>432,656</u>	<u>157,704</u>
72	EIC Grants		
011	School Construction and Equipment	--	--
012	Other - Transportation - Government	--	--
		--	--
73	Donations		
011	- Cash Receipts	--	--
012	- Non-Cash Receipts	--	--
013	- Restricted Use	--	--
		--	--
74	Sale of Capital Assets - Proceeds		
011	- Land	--	--
012	- Buildings	317,600	13,129
013	- Equipment	--	--
014	- Service Vehicles	300	--
015	- Pupil Transportation Vehicles	500	2,455
016	- Other (Specify)	--	--
	- Accounts Receivable - Capital	--	--
		<u>318,400</u>	<u>15,584</u>
75	Other Capital Revenues		
011	- Interest on Capital Fund Investments	--	--
012	- Premiums on Debentures	--	--
013	- Recoveries of Expenditures	--	--
015	- Insurance Proceeds	--	--
016	- Native Peoples Grants	--	--
017	- Miscellaneous - Funds for Debt servicing	252,611	--
		<u>252,611</u>	--
Total Capital Receipts		<u>1,003,667</u>	<u>173,288</u>
77	Transfer from Reserve Account	--	--
78	Transfer to/from Current Fund	(228,048)	22,848
Total		<u>\$ 775,619</u>	<u>\$ 196,136</u>

See Accompanying Notes

School District #3 Corner Brook - Deer Lake - St. Barbe

STATEMENT OF CHANGES IN CAPITAL FUND (Cont'd)
(Unaudited)

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
80	<u>Capital Disbursements</u>		
81	<u>Additions to Property & Equipment</u>		
011	- Land and Sites	\$ --	\$ --
012	- Buildings	--	--
013	- Furniture & Equipment - School	--	--
014	- Furniture & Equipment - Other	--	--
015	- Service Vehicles	42,995	--
016	- Pupil Transportation	480,058	165,982
017	- Other (Specify)	--	--
		<u>523,053</u>	<u>165,982</u>
82	<u>Principal Repayment of Long-Term Debt</u>		
011	- School Construction	--	--
012	- Equipment	--	--
013	- Service Vehicles	16,884	12,277
014	- Other (Specify)		
	- Office	24,049	17,877
	- Pupil transportation	<u>211,633</u>	<u>--</u>
		<u>252,566</u>	<u>30,154</u>
83	<u>Miscellaneous Disbursements</u>		
013	- Other (Specify)		
	- Accounts payable	<u>--</u>	<u>--</u>
		<u>--</u>	<u>--</u>
	Total Capital Disbursements	<u>\$ 775,619</u>	<u>\$ 196,136</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Fourteen Month Ended August 31, 2004

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

(a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Education Investment Corporation are recorded as capital revenues. Also, amounts paid to construction companies from the Education Investment Corporation on behalf of the District for capital projects are treated as capital revenues.

(b) Capital asset additions are recorded at full cost in the capital fund.

(c) The District does not calculate or record amortization on any of its capital assets.

(d) Principal repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Fourteen Month Ended August 31, 2004

2. <u>Accounts Receivable</u>		(August 31)	
		<u>2004</u>	<u>2003</u>
<u>Current</u>			
11 131	Provincial Government	\$ 231,430	\$ 5,243,118
132	Transportation	5,812	5,341
133	Federal Government	4,670	166,122
136	Other School Districts	--	--
137	Rent	--	--
138	Interest	--	--
139	Travel Advances and Miscellaneous	332,526	208,663
<u>Capital</u>			
11 231	EIC - Construction Grants	--	--
233	Local Contributions	--	--
234	Other School Districts	--	--
235	Other (Specify) - City of Corner Brook	--	--
		<u>\$ 574,438</u>	<u>\$ 5,623,244</u>
3. <u>Bank Indebtedness</u>			
21 131	On Operating Credit	\$ 872,579	\$ 1,493,607
132	On Capital Account	--	--
		<u>\$ 872,579</u>	<u>\$ 1,493,607</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Fourteen Month Ended August 31, 2004

4. <u>Accounts Payable and Accrued</u>		(August 31)	
		<u>2004</u>	<u>2003</u>
<u>Current</u>			
21 111	Trade Payable	\$ 19,892	\$ 259,757
112	Accrued - Liabilities	--	--
113	- Interest	--	--
114	- Wages	--	4,856,380
115	Payroll Deductions	--	17,771
116	Scholarships	83,755	65,973
117	Deferred Grants	105,739	92,284
118	Other - Severance Pay	9,545,932	9,813,742
<u>Capital</u>			
21 211	Trade Payable	--	--
212	Accrued - Liabilities	--	--
213	- Interest	--	--
217	Deferred Grants	--	--
218	Other (Specify)	--	--
		<u>\$ 9,755,318</u>	<u>\$ 15,105,907</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Fourteen Month Ended August 31, 2004

5. Reserve Account
Description:

	(August 31) <u>2004</u>	<u>2003</u>
Balance, Beginning of Year	\$ --	\$ --
Less Transfer from Reserve	<u>--</u>	<u>--</u>
	--	--
Add Transfer to Reserve	<u>--</u>	<u>--</u>
Balance, End of Year	<u>\$ --</u>	<u>\$ --</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Fourteen Month Ended August 31, 2004

	(August 31)	
	<u>2004</u>	<u>2003</u>
6. Investment in Capital Assets,		
Beginning of Year	\$ 56,880,890	\$ 52,257,745
Add:		
Transfer of Operating funds to Capital Fund	(228,048)	22,848
Grants - EIC - Contribution for Capital Const.	--	--
- Other (Specify)	--	--
Capital projects funded by EIC but paid directly to other sources on behalf of District.		
Donations (Specify)	--	--
Proceeds from Sale of Capital Assets		
- Land	--	--
- Buildings	317,600	13,131
- Equipment	--	--
- Vehicles	800	2,455
- Other	--	--
Interest on Capital Fund Investments	--	--
Recoveries of Expenditures - Prior	--	--
Insurance Proceeds - Capital	--	--
Native Peoples Grants - Capital	--	--
Excess of Revenue over Expenditures		
- Capital Fund	--	--
Principal - Bussing loan	211,686	156,424
- Other	40,925	--
Capital asset valuation adjustment	--	5,752,979
	<u>57,223,853</u>	<u>58,205,582</u>
Deduct Adjustments:		
Cost of assets sold		
- Land	53,105	25,163
- Buildings	726,690	986,503
- Equipment	--	124,616
- Vehicles	29,835	188,410
- Other	--	--
	<u>809,630</u>	<u>1,324,692</u>
Other	--	--
23 221 Investment in Capital Assets, End of Year	\$ <u>56,414,223</u>	\$ <u>56,880,890</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

NOTES TO THE FINANCIAL STATEMENTS

Fourteen Month Ended August 31, 2004

7. Commitments

At balance sheet date the District had the following commitments:

8. Contingency

As of statement date, the following material contingencies are pending:

- a) A former vendor of the School Board has a claim of approximately \$ 30,000 plus HST. The amount has not been recorded in the accounts. The likelihood of loss to the Board cannot be determined.
- b) A former Director of the School Board is claiming approximately \$ 31,000 in unpaid salary. The issue is currently under discussion by both parties. The amount has not been recorded in the accounts. The likelihood of loss to the Board cannot be determined.

9. District Equity (Deficit)

School District #3 has an accumulated operating deficit of \$ 9,969,704. A material amount of this operating deficit is contributed by a recorded teacher's severance pay accrual and non-teacher's severance pay accrual \$8,503,366 and \$1,042,566 respectively, as required by the Provincial Government.

Accumulated operating deficit per financial statement	\$ 9,969,704
Less: teacher's severance pay accrual	(8,503,366)
: non-teacher's severance pay accrual	<u>(1,042,566)</u>
Accumulated operating deficit less severance pay accrued	<u>\$ 423,772</u>

Schedule 1

School District #3 Corner Brook - Deer Lake - St. Barbe

CURRENT REVENUES

Fourteen Month Ended August 31, 2004

	(August 31) 2004	2003
32 010 Provincial Government Grants		
011 Regular	\$ 8,860,112	\$ 7,458,666
016 Special Grants (Details on bottom of Schedule 1)	1,979,147	1,774,806
Salaries and Benefits		
017 - Directors and Asst. Directors	818,525	719,715
021 - Regular Teachers	39,083,569	35,075,452
022 - Substitute Teachers	1,166,417	1,065,776
023 - French Monitor	18,088	--
030 Pupil Transportation		
031 - Board Owned	2,318,992	1,994,094
032 - Contracted	562,688	631,106
033 - Handicapped	121,656	116,262
	<u>54,929,194</u>	<u>48,835,877</u>
33 010 Donations		
012 Cash Receipts	54,498	--
011 Heritage fair	1,620	--
013 Non-Cash Receipts	21,160	--
014 Restricted Use	--	--
	<u>77,278</u>	<u>--</u>

Schedule 1 (Cont'd)

School District #3 Corner Brook - Deer Lake - St. Barbe

CURRENT REVENUES

Fourteen Month Ended August 31, 2004

		(August 31) 2004	2003
34 010	Ancillary Services		
011	Revenues from Rental of Residences	\$ --	\$ --
021	Revenues from Rental of Schools and Facilities (Net)	70,000	60,000
031	Cafeterias		--
032	Other - (Specify)		--
		<u>70,000</u>	<u>60,000</u>
35 010	Miscellaneous		
011	Interest on Investments	1,608	1,776
012	Bus Charters	42,657	44,813
021	Recoveries of Expenditures	--	--
031	Revenues from Other School Districts	--	--
041	Federal Rebates	200,027	203,573
051	Insurance Proceeds	15,046	56,981
061	Bilingual Education Revenue	9,941	36,106
071	Operating Rev. from Native Peoples Grant	--	--
081	Miscellaneous Federal Grants	13,878	--
091	Textbooks	154,997	129,932
092	Sundry	83,188	118,674
094	Scholarship funds	6,023	--
		<u>527,365</u>	<u>591,855</u>
	Total Current Revenues	<u>\$55,603,837</u>	<u>\$49,487,732</u>

Special Grants

Social Worker	\$ 9,021	\$ --
Learning Disabilities	26,000	--
Debt Servicing	52,642	45,264
Student Assistant Salaries	881,592	908,836
Textbook Credit Allocation	--	--
Pay equity	--	--
Administration - Textbook	15,311	13,211
Payroll tax	779,981	658,250
Utilities	--	--
Maintenance	19,623	--
French materials	9,000	5,000
Peer Tutoring	12,700	11,252
Bottled water	3,900	--
Administrative pay adjustment	--	--
Computers	--	--
Surplus - substitutes	--	--
Kinder - start	8,768	6,500
Tutoring work experience	6,000	--
Other (Specify)		
- Distance education	2,632	18,963
- Redundancy grant	81,661	62,637
- Maintenance reclassification	--	44,893
- Drama Festival	7,900	--
- Furniture	40,789	--
- Summer Project	21,627	--
	<u>\$ 1,979,147</u>	<u>\$ 1,774,806</u>

Schedule 2

School District #3 Corner Brook - Deer Lake - St. BarbeADMINISTRATION EXPENDITURES

Fourteen Month Ended August 31, 2004

		(August 31)	
		<u>2004</u>	<u>2003</u>
51	Salaries and Benefits		
011	- Directors and Asst. Directors	\$ 992,558	\$ 802,520
012	- District Office Personnel	652,981	500,088
013	Office Supplies	21,046	21,528
014	Replacement Furniture and Equipment	3,093	5,270
015	Postage	11,673	14,301
016	Telephone	44,558	37,983
017	Office Equipment Rentals and Repairs	22,533	19,865
018	Bank Charges	580	750
019	Electricity	--	--
021	Fuel	--	--
022	Insurance	--	5,067
023	Repairs and Maintenance (Office Building)	2,272	4,113
024	Travel	114,320	101,474
025	Board Meeting Expenses	17,632	17,422
026	Election Expenses	--	--
027	Professional Fees	102,891	28,610
028	Advertising	46,925	49,210
029	Membership Dues	36,793	35,825
031	Municipal Service Fees	6,900	6,955
032	Rental of Office Space	--	--
033	Relocation Expenses	--	--
034	Miscellaneous	15,392	15,675
035	Payroll Tax	<u>70,416</u>	<u>59,759</u>
	Total Administration Expenditures	<u>\$ 2,162,563</u>	<u>\$ 1,726,415</u>

Schedule 3

School District #3 Corner Brook - Deer Lake - St. Barbe**INSTRUCTION EXPENDITURES**

Fourteen Month Ended August 31, 2004

	(August 31) 2004	2003
52 010 Instructional Salaries (Gross)		
011 Teachers' Salaries - Regular	\$ 39,037,978	\$ 35,075,452
012 - Substitute	1,166,417	1,065,776
013 - District Paid	--	--
014 Student Assistants	881,838	908,836
015 Employee Benefits	--	--
016 School Secretaries - Salaries & Benefits	647,047	744,750
017 Employee Benefits	624,583	1,184,778
018 Other - French Monitor	18,933	37,941
	<u>42,376,796</u>	<u>39,017,533</u>
52 040 Instructional Materials		
041 General Supplies	147,924	140,173
042 Library Resource Materials	114,712	127,439
043 Teaching Aids	612,160	537,837
044 Textbooks	165,208	138,289
	<u>1,040,004</u>	<u>943,738</u>
52 060 Instructional Furniture and Equipment		
061 Replacement	136,772	34,554
062 Rentals and Repairs	31,218	42,809
	<u>167,990</u>	<u>77,363</u>
52 080 Instructional Staff Travel		
081 Program Co-ordinators	23,251	38,777
082 Teachers' Travel	27,672	44,002
083 Inservice and Conferences	105,966	50,216
	<u>156,889</u>	<u>132,995</u>
52 090 Other Instructional Costs		
091 Postage and Stationery	4,323	2,209
092 Miscellaneous	345,199	290,845
	<u>349,522</u>	<u>293,054</u>
Total Instruction Expenditures	<u>\$ 44,091,201</u>	<u>\$ 40,464,683</u>

School District #3 Corner Brook - Deer Lake - St. BarbeOPERATIONS AND MAINTENANCE EXPENDITURES - SCHOOLS

Fourteen Month Ended August 31, 2004

	(August 31)	
	<u>2004</u>	<u>2003</u>
53 011 Salaries & Benefits - Janitorial	\$ 1,767,370	\$ 1,625,602
012 - Maintenance	308,121	259,545
013 Employee Benefits	428,857	422,694
014 Electricity	1,276,916	1,233,850
015 Fuel	393,906	453,617
016 Municipal Service Fee	95,879	87,227
017 Telephone	183,531	205,853
018 Vehicle Operating and Travel	59,820	53,771
019 Janitorial Supplies	193,627	202,101
021 Janitorial Equipment	4,319	2,119
022 Repairs and Maintenance - Buildings	827,840	461,233
023 - Equipment	3,946	10,107
024 Contracted Services - Janitorial	--	--
025 Snow Clearing	179,242	216,911
026 Rentals	--	--
027 Other (Specify) - Repairs Covered By Insurance	<u>15,627</u>	<u>1,920</u>
Total Operations and Maintenance	<u>\$ 5,739,001</u>	<u>\$ 5,236,550</u>

School District #3 Corner Brook - Deer Lake - St. Barbe**PUPIL TRANSPORTATION EXPENDITURE**

Fourteen Month Ended August 31, 2004

	(August 31)	
	<u>2004</u>	<u>2003</u>
54 010 Operation and Maintenance of Board		
Owned Fleet		
011 Salaries - Administration	\$ 120,780	\$ 92,461
012 - Drivers and Mechanics	940,560	986,062
013 Payroll Tax and Benefits	241,706	235,028
014 Debt Repayment - Interest	82,913	70,138
015 - Principal	211,633	156,424
016 Bank Charges	--	--
017 Gas and Oil	179,883	205,843
018 Licenses	49,542	23,917
019 Insurance	41,052	20,815
021 Repairs and Maintenance - Fleet	116,929	116,674
022 - Building	2,453	1,517
023 Tires and Tubes	31,074	20,708
024 Heat and Light	16,265	22,928
025 Municipal Service	4,293	3,853
026 Snow Clearing	10,848	10,531
027 Office Supplies	10,454	5,104
028 Rent	--	--
029 Travel	4,848	2,952
031 Professional Fees	--	1,713
032 Miscellaneous	5,868	13,972
033 Telephone	15,414	10,983
034 Vehicle Leases	1,885	5,728
035 Service Vehicles	<u>1,585</u>	<u>897</u>
	<u>2,089,985</u>	<u>2,008,248</u>
54 040 Contracted Services		
041 Regular Transportation	594,680	660,518
042 Handicapped	<u>127,704</u>	<u>126,944</u>
	<u>722,384</u>	<u>787,462</u>
Pupil Transportation Expenditures	<u>\$ 2,812,369</u>	<u>\$ 2,795,710</u>

Schedule 6

School District #3 Corner Brook - Deer Lake - St. BarbeANCILLARY SERVICES AND MISCELLANEOUS EXPENSES

Fourteen Month Ended August 31, 2004

Ancillary Services

The District owns and operates the following ancillary services:

		(August 31)	
		<u>2004</u>	<u>2003</u>
55	<u>Ancillary Services</u>		
011	Operation of Teachers' Residences	\$ --	\$ --
031	Cafeterias	--	--
032	Other (Specify)	--	--
		<u>\$ --</u>	<u>\$ --</u>

Schedule 7

Miscellaneous Expenses (Specify)

The District has incurred the following miscellaneous expenses:

57	011	Miscellaneous Expenses (Specify)	<u>\$ --</u>	<u>\$ --</u>
----	-----	----------------------------------	--------------	--------------

School District #3 Corner Brook - Deer Lake - St. Barbe**DETAILS OF PROPERTY AND EQUIPMENT****Fourteen Month Ended August 31, 2004**

	<u>Balance</u> <u>June 30, 2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>August 31, 2004</u>
12 210 Land and Sites				
211 Land and Sites	\$ 1,074,618	\$ --	\$ 53,105	\$ 1,021,513
12 220 Buildings				
221 Schools	48,186,741	--	726,690	47,460,051
222 Administration	1,596,325	--	--	1,596,325
223 Residential	--	--	--	--
224 Recreational	--	--	--	--
225 Other (Specify)	--	--	--	--
	<u>49,783,066</u>	<u>--</u>	<u>726,690</u>	<u>49,056,376</u>
12 230 Furniture and Equip.				
231 Schools	4,024,834	--	--	4,024,834
232 Administration	665,951	--	--	665,951
233 Residential	--	--	--	--
234 Recreation	--	--	--	--
235 Other (Specify)	--	--	--	--
	<u>4,690,785</u>	<u>--</u>	<u>--</u>	<u>4,690,785</u>
12 240 Vehicles				
241 Service Vehicles	88,427	42,995	21,210	110,212
12 250 Pupil Transportation				
251 Land	--	--	--	--
252 Building	--	--	--	--
253 Vehicles - Buses	3,129,305	480,058	8,625	3,600,738
254 - Service	--	--	--	--
255 Equipment	--	--	--	--
256 Other (Specify)	--	--	--	--
	<u>3,129,305</u>	<u>480,058</u>	<u>8,625</u>	<u>3,600,738</u>
12 260 Misc. Capital Assets -				
261 Other (Specify)	--	--	--	--
Total Property and Equipment	<u>\$ 58,766,201</u>	<u>\$ 523,053</u>	<u>\$ 809,630</u>	<u>\$ 58,479,624</u>

Schedule 9 (cont'd)

School District #3 Corner Brook - Deer Lake - St. Barbe

DETAILS OF LONG-TERM DEBT

Fourteen Month Ended August 31, 2004

		(August 31)	
		2004	2003
22 220	Loans - Pupil Transportation		
	<u>Ref. #</u>		
221	Vehicle Bank Loans		
	<u>Prime</u> Repayable \$ <u>9,465</u> monthly, maturing <u>2012</u>	\$ 882,636	\$ 1,015,141
	<u>Prime</u> Repayable \$ <u>3,662</u> monthly, maturing <u>2013</u>	388,129	439,391
	<u>Prime</u> Repayable \$ <u>2,792</u> monthly, maturing <u>2015</u>	374,095	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	Total 221	<u>1,644,860</u>	<u>1,454,532</u>
222	Land, Buildings and Equipment Bank Loans		
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	_____ Repayable \$ _____ monthly, maturing _____	--	--
	Total 222	<u>--</u>	<u>--</u>
	Subtotal	<u>1,644,860</u>	<u>1,454,532</u>
223	Less Current Maturities	<u>191,015</u>	<u>157,519</u>
	Total Loans - Pupil Transportation	<u>1,453,845</u>	<u>1,297,013</u>
	Total Long Term Debt	<u>\$ 1,837,363</u>	<u>\$ 1,698,313</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

SUMMARY OF LONG-TERM DEBT

Fourteen Month Ended August 31, 2004

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of August</u>
A) School Construction			\$ --	\$ --	\$ --	\$ --
B) Equipment			--	--	--	--
C) Service Vehicles			59,347	30,694	16,884	73,157
D) Other - Office			371,432	--	24,049	347,383
E) Pupil Transportation			1,454,532	401,962	211,633	1,644,861
 Total Loans			<u>\$ 1,885,311</u>	<u>\$ 432,656</u>	<u>\$ 252,566</u>	<u>\$ 2,065,401</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

SCHEDULE OF CURRENT MATURITIES

Fourteen Month Ended August 31, 2004

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction	\$ --	\$ --	\$ --	\$ --	\$ --
B) Equipment	--	--	--	--	--
C) Service Vehicles	18,423	18,423	18,423	14,329	3,560
D) Other - Office	18,600	20,200	22,000	24,200	27,000
E) Pupil Transportation	191,015	191,015	191,015	191,015	191,041
Total	<u>\$ 228,038</u>	<u>\$ 229,638</u>	<u>\$ 231,438</u>	<u>\$ 229,544</u>	<u>\$ 221,601</u>

Schedule 9C

School District #3 Corner Brook - Deer Lake - St. Barbe

56 010

SCHEDULE OF INTEREST EXPENSE

Fourteen Month Ended August 31, 2004

<u>Description</u>		<u>(August 31)</u>	
		<u>2004</u>	<u>2003</u>
012	Capital		
	School Construction	\$ --	\$ --
	Equipment	--	--
	Service Vehicles	--	--
	Other - Office	69,525	30,162
		<u>--</u>	<u>--</u>
	Total Capital	<u>69,525</u>	<u>30,162</u>
013	Current - Operating Loans	31,304	22,768
014	- Supplier Interest Charges	<u>--</u>	<u>--</u>
	Total Current	<u>31,304</u>	<u>22,768</u>
	Total Interest Expense	<u>\$ 100,829</u>	<u>\$ 52,930</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

SUPPLEMENTARY INFORMATION

Fourteen Month Ended August 31, 2004

1.	<u>Cash</u>	(August 31)	
		<u>2004</u>	<u>2003</u>
	<u>Current</u>		
11 110	Cash on Hand and in Bank		
111	Cash on Hand	\$ --	\$ --
112	Bank - Current	--	--
113	- Savings	--	--
115	- Non-Teachers' Payroll	--	--
116	- Coupon (Debenture)	--	--
117	- Other (Specify)	--	--
	<u>Capital</u>		
11 210	Cash on Hand and in Bank		
211	Cash on Hand	--	--
212	Bank - Current	--	--
213	- Savings	--	--
214	- Other (Specify)	--	--
	Total Cash on Hand & in Bank	<u>\$ --</u>	<u>\$ --</u>
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11 121	Term Deposits	\$ 82,859	\$ 65,077
122	Canada Savings Bonds	--	--
123	Other (Specify) - Shares	896	896
	<u>Capital</u>		
11 221	Term Deposits	--	--
222	Canada Savings Bonds	--	--
223	Other (Specify)	--	--
	Total Short Term Investments	<u>\$ 83,755</u>	<u>\$ 65,973</u>

School District #3 Corner Brook - Deer Lake - St. Barbe

SUPPLEMENTARY INFORMATION

Fourteen Month Ended August 31, 2004

3. <u>Prepaid Expenses</u>		(August 31)	
		<u>2004</u>	<u>2003</u>
<u>Current</u>			
11 141	Insurance	\$ --	\$ --
142	Municipal Service Fees	--	--
143	Supplies	--	13,371
144	Other (Specify) - Registration Fees	--	1,300
 <u>Capital</u>			
11 241	Other (Specify)	<u>--</u>	<u>--</u>
		<u>\$ --</u>	<u>\$ 14,671</u>

Deloitte

Financial Statements of

**CREDIT UNION DEPOSIT
GUARANTEE CORPORATION**

December 31, 2004

Deloitte

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada

Tel: (709) 576-8480
Fax: (709) 576-8460
www.deloitte.ca

Auditors' Report

To the Board of Directors of
Credit Union Deposit Guarantee Corporation

We have audited the balance sheet of Credit Union Deposit Guarantee Corporation as at December 31, 2004 and the statements of earnings and fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
March 11, 2005

Member of
Deloitte Touche Tohmatsu

CREDIT UNION DEPOSIT GUARANTEE CORPORATION**Statement of Earnings and Fund Balance**

Year ended December 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
REVENUE		
Assessments on credit unions	714,315	673,929
Interest	118,665	146,706
Bonding insurance	234,889	202,938
Other	7,900	6,173
	<u>1,075,769</u>	<u>1,029,746</u>
EXPENSES		
Salaries and benefits	339,092	316,886
Bonding insurance	161,662	136,394
Legal	102,903	156,455
Travel	56,920	66,126
Rent	29,918	29,517
Training	29,421	17,900
Office and administration	29,001	33,292
Meetings	19,725	24,186
Vehicle	17,627	16,108
Amortization	15,369	19,268
Advertising and promotion	9,942	19,868
Directors' fees	5,845	6,210
Membership fees	1,305	-
Insurance	1,029	899
	<u>819,759</u>	<u>843,109</u>
NET EARNINGS	256,010	186,637
DEPOSIT GUARANTEE FUND BALANCE, BEGINNING OF YEAR	5,358,274	5,171,637
DEPOSIT GUARANTEE FUND BALANCE, END OF YEAR	5,614,284	5,358,274

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

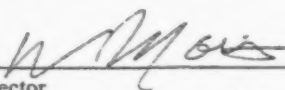
Balance Sheet

December 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
ASSETS		
Cash	37,157	27,163
Investments (Note 3)	5,689,353	5,325,677
Receivables (Note 4)	50,512	81,161
Prepaid expenses	5,134	4,074
Capital assets (Note 5)	39,222	51,928
	<u>5,821,378</u>	<u>5,490,003</u>
LIABILITIES		
Accounts payable and accrued liabilities	207,094	131,729
FUND BALANCE		
Deposit guarantee fund balance	5,614,284	5,358,274
	<u>5,821,378</u>	<u>5,490,003</u>

Commitments (Note 7)

APPROVED BY THE BOARD:



Director



Director

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Statement of Cash Flows

Year ended December 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
OPERATING ACTIVITIES		
Net earnings	256,010	186,637
Adjustment for:		
Amortization	15,369	19,268
Decrease (increase) in receivables	30,649	(17,790)
Increase in prepaids	(1,060)	(63)
Increase in accounts payable and accrued liabilities	75,365	54,314
	<u>376,333</u>	<u>242,366</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(2,663)	(8,867)
Purchase of investments	(55,479,782)	(38,000,580)
Redemption of investments	55,116,106	37,744,885
	<u>(366,339)</u>	<u>(264,562)</u>
INCREASE (DECREASE) IN CASH	9,994	(22,196)
CASH, BEGINNING OF YEAR	27,163	49,359
CASH, END OF YEAR	<u>37,157</u>	<u>27,163</u>

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Notes to the Financial Statements

December 31, 2004

1. DESCRIPTION OF BUSINESS

The Credit Union Deposit Guarantee Corporation (the "Corporation") is established as a corporation without share capital under the provisions of Section 176 of the Credit Union Act.

The Corporation guarantees the deposits of members of credit unions in the Province of Newfoundland and Labrador. This guarantee is supported by the investments held by the Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

(a) Revenue recognition

The Corporation recognizes assessment revenue based on a percentage of insured deposits of individual credit unions operating within the Province of Newfoundland and Labrador. Interest revenue is recognized based on the investment interest collected and accrued during the year, and bonding revenue is recognized based on a percentage of individual credit unions' assets plus a 20% administrative charge.

(b) Assistance to credit unions

Assistance to credit unions is recorded only when it can be reasonably determined by the Corporation that such a payment will be required and when the Board of Directors have assessed the reasonableness of such a charge and authorized the assistance as a commitment of the Fund. The determination of the assistance requires the exercise of judgement because the precise amount, method and timing of such assistance is dependent upon future events. The amount of actual assistance paid, and future possible assistance is disclosed in the financial statements.

(c) Cash

Cash consists of balances with banks.

(d) Investments

Investments are recorded at cost. When, in the opinion of management, a permanent decline in the value of the investments has occurred, the carrying value is adjusted accordingly.

(e) Capital assets

Capital assets are recorded at cost. Amortization is provided on a declining balance basis at rates which will reduce original cost to estimated residual value over the useful life of the assets.

CREDIT UNION DEPOSIT GUARANTEE CORPORATION

Notes to the Financial Statements

December 31, 2004

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Severance pay

Severance pay is accrued for all employees for whom the right to such compensation is vested.

No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of service.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVESTMENTS

<u>Issuer</u>	<u>Type</u>	<u>Rate</u>	<u>Maturity Date</u>	<u>Maturity Value</u> \$	<u>Cost</u> \$
Credit Union Central of Nova Scotia	Shares			1,000	1,000
Newfoundland and Labrador Credit Union Ltd.	Shares			100	100
				1,100	1,100
Bank of Montreal	Bankers Acceptance	2.50%	1/10/2005	2,000,000	1,995,620
Bank of Montreal	Bankers Acceptance	2.51%	1/20/2005	2,000,000	1,995,880
Bank of Montreal	Bankers Acceptance	2.49%	1/28/2005	1,700,000	1,696,753
				5,701,100	5,689,353

4. RECEIVABLES

	<u>2004</u> \$	<u>2003</u> \$
Accrued interest	4,881	21,065
Other	45,631	60,096
	50,512	81,161

CREDIT UNION DEPOSIT GUARANTEE CORPORATION
Notes to the Financial Statements
December 31, 2004

5. CAPITAL ASSETS

		2004		2003	
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		\$	\$	\$	\$
Vehicles	30%	55,998	37,752	18,246	26,068
Furniture and equipment	20%	24,643	19,775	4,868	6,085
Computer equipment	30%	61,536	45,428	16,108	19,775
		142,177	102,955	39,222	51,928

6. INCOME TAXES

The Corporation has the following non-capital losses available which can be used to reduce future years' taxable income.

<u>Year of Expiry</u>	<u>Amount</u>
	\$
2005	104,685
2006	163,796
2007	81,018
2008	73,257
2009	319,521
2010	463,065
2011	438,667
	<u>1,644,009</u>

The potential income tax benefit associated with those losses has not been recognized in these financial statements.

7. COMMITMENTS

The Corporation has entered into a lease agreement for office space which expires June 30, 2011. The amount of the annual rent payable is \$29,517.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of cash, investments, receivables, and accounts payable and accrued liabilities approximate their fair value due to their relatively short periods to maturity.

DIRECTOR OF SUPPORT ENFORCEMENT

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Director of Support Enforcement
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Director of Support Enforcement as at 31 March 2004 and the statement of receipts and disbursements for the year then ended. These financial statements have been prepared to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at 31 March 2004 and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Director of Support Enforcement and the Government of Newfoundland and Labrador to meet their information needs under Section 9 of the *Support Orders Enforcement Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

A handwritten signature in dark ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
24 November 2004

DIRECTOR OF SUPPORT ENFORCEMENT**BALANCE SHEET****31 March****2004****2003****ASSETS**

Cash	\$ 336,879	\$ 225,713
Accounts receivable (Note 2)	21,579,209	21,153,151
Other receivables (Note 3)	11,349	12,204
	<u>\$ 21,927,437</u>	<u>\$ 21,391,068</u>

LIABILITIES

Accounts payable (Note 4)	\$ 21,917,666	\$ 21,384,624
Other payables (Note 5)	9,771	6,444
	<u>\$ 21,927,437</u>	<u>\$ 21,391,068</u>

See accompanying notes

Signed:



Director

DIRECTOR OF SUPPORT ENFORCEMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS
For the Year Ended 31 March

2004

2003

RECEIPTS

Regular support	\$ 21,127,537	\$ 19,510,388
Out-of-system support	544,503	349,382
	<u>21,672,040</u>	<u>19,859,770</u>

DISBURSEMENTS

Regular support	20,771,084	19,240,409
Out-of-system support	544,503	349,382
Other payments	245,287	233,353
	<u>21,560,874</u>	<u>19,823,144</u>

Excess of receipts over disbursements	111,166	36,626
---------------------------------------	---------	--------

Cash, beginning of year	225,713	189,087
-------------------------	---------	---------

Cash, end of year	\$ 336,879	\$ 225,713
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See accompanying notes

DIRECTOR OF SUPPORT ENFORCEMENT
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Director of Support Enforcement operates under the authority of the *Support Orders Enforcement Act*. Under this *Act*, the Director is responsible for enforcing court ordered support payments and for acting on behalf of the Attorney General in matters arising pursuant to the *Reciprocal Enforcement of Support Orders Act*.

1. Basis of accounting

These financial statements have been prepared by the Director in accordance with the significant accounting policies set out below to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Director are reflected in these statements.

Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Director of Support Enforcement, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items.

(b) Assets and liabilities

Assets are comprised of amounts received or receivable from debtors while liabilities represent the corresponding amount due to creditors.

(c) Receipts and disbursements

Receipts are recorded when amounts are received from debtors and disbursements are recorded when amounts are paid to creditors. Amounts paid directly to creditors by debtors are recorded as out-of-system support while amounts received by the Director of Support Enforcement are recorded as regular support. Amounts refunded to debtors or remitted to the Province are recorded as other payments.

DIRECTOR OF SUPPORT ENFORCEMENT
NOTES TO FINANCIAL STATEMENTS
31 March 2004

2. Accounts receivable

Accounts receivable is comprised of amounts owing from debtors on registered support orders. The receivables are classified as follows:

	2004	2003
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 9,491,306	\$ 8,932,997
Debtor in receipt of social assistance	3,395,033	3,503,895
Stay of enforcement in place	1,754,181	2,147,311
	14,640,520	14,584,203
Enforceable support orders	6,938,689	6,568,948
	\$ 21,579,209	\$ 21,153,151

3. Other receivables

Other receivables \$11,349 (2003 - \$12,204) represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

4. Accounts payable

Accounts payable is comprised of amounts owing to creditors in accordance with registered support orders. The payables are classified as follows:

	2004	2003
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 9,491,306	\$ 8,932,997
Debtor in receipt of social assistance	3,395,033	3,503,895
Stay of enforcement in place	1,754,181	2,147,311
	14,640,520	14,584,203
Enforceable support orders	7,277,146	6,800,421
	\$ 21,917,666	\$ 21,384,624

DIRECTOR OF SUPPORT ENFORCEMENT
NOTES TO FINANCIAL STATEMENTS
31 March 2004

5. Other payables

Other payables of \$9,771 (2003 - \$6,444) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

6. Related party transactions

During the year the Director paid approximately \$2.8 million (2003 - \$2.4 million) to the Department of Human Resources and Employment related to support payments collected on behalf of individuals receiving social assistance.

7. Financial instruments

The Director's short-term financial instruments recognized on the balance sheet consist of cash, accounts receivable, other receivables, accounts payable and other payables. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

8. Income taxes

The Director of Support Enforcement operates as a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

DIRECTOR OF SUPPORT ENFORCEMENT

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

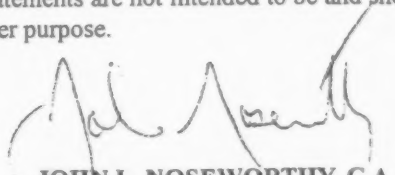
To the Director of Support Enforcement
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Director of Support Enforcement as at 31 March 2005 and the statement of receipts and disbursements for the year then ended. These financial statements have been prepared to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. These financial statements are the responsibility of the Director. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Director of Support Enforcement as at 31 March 2005 and the receipts and disbursements for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Director of Support Enforcement and the Government of Newfoundland and Labrador to meet their information needs under Section 9 of the *Support Orders Enforcement Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
29 June 2005

**DIRECTOR OF SUPPORT ENFORCEMENT
BALANCE SHEET**

31 March

2005

2004

ASSETS

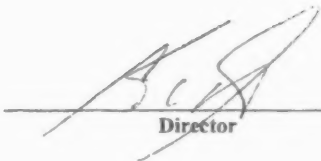
Cash	\$ 344,892	\$ 336,879
Accounts receivable (Note 2)	21,177,318	21,579,209
Other receivables (Note 3)	9,828	11,349
	<u>\$ 21,532,038</u>	<u>\$ 21,927,437</u>

LIABILITIES

Accounts payable (Note 4)	\$ 21,512,686	\$ 21,917,666
Other payables (Note 5)	19,352	9,771
	<u>\$ 21,532,038</u>	<u>\$ 21,927,437</u>

See accompanying notes

Signed: _____


Director

DIRECTOR OF SUPPORT ENFORCEMENT
STATEMENT OF RECEIPTS AND DISBURSEMENTS
For the Year Ended 31 March

2005

2004

RECEIPTS

Regular support	\$ 21,478,650	\$ 21,127,537
Out-of-system support	553,520	544,503
	<u>22,032,170</u>	<u>21,672,040</u>

DISBURSEMENTS

Regular support	21,184,412	20,771,084
Out-of-system support	553,520	544,503
Other payments	286,225	245,287
	<u>22,024,157</u>	<u>21,560,874</u>

Excess of receipts over disbursements	8,013	111,166
---------------------------------------	-------	---------

Cash, beginning of year	336,879	225,713
-------------------------	---------	---------

Cash, end of year	\$ 344,892	\$ 336,879
-------------------	------------	------------

See accompanying notes

DIRECTOR OF SUPPORT ENFORCEMENT
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Director of Support Enforcement operates under the authority of the *Support Orders Enforcement Act*. Under this *Act*, the Director is responsible for enforcing court ordered support payments and for acting on behalf of the Attorney General in matters arising pursuant to the *Reciprocal Enforcement of Support Orders Act*.

1. Basis of accounting

These financial statements have been prepared by the Director in accordance with the significant accounting policies set out below to meet the information needs of the Director of Support Enforcement and the Government of Newfoundland and Labrador under Section 9 of the *Support Orders Enforcement Act*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Director are reflected in these statements.

Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Director of Support Enforcement, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items.

(b) Assets and liabilities

Assets are comprised of amounts received or receivable from debtors while liabilities represent the corresponding amount due to creditors.

(c) Receipts and disbursements

Receipts are recorded when amounts are received from debtors and disbursements are recorded when amounts are paid to creditors. Amounts paid directly to creditors by debtors are recorded as out-of-system support while amounts received by the Director of Support Enforcement are recorded as regular support. Amounts refunded to debtors or remitted to the Province are recorded as other payments.

DIRECTOR OF SUPPORT ENFORCEMENT
NOTES TO FINANCIAL STATEMENTS
31 March 2005

2. Accounts receivable

Accounts receivable is comprised of amounts owing from debtors on registered support orders. The receivables are classified as follows:

	2005	2004
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 8,564,432	\$ 9,491,306
Debtor in receipt of social assistance	3,712,460	3,395,033
Stay of enforcement in place	1,868,060	1,754,181
	14,144,952	14,640,520
Enforceable support orders	7,032,366	6,938,689
	\$ 21,177,318	\$ 21,579,209

3. Other receivables

Other receivables \$9,828 (2004 - \$11,349) represent payments made to creditors when the corresponding debtor cheque was not negotiable or the payment was made in error.

4. Accounts payable

Accounts payable is comprised of amounts owing to creditors in accordance with registered support orders. The payables are classified as follows:

	2005	2004
Unenforceable support orders		
Debtor out of Province – reciprocal enforcement support orders	\$ 8,564,432	\$ 9,491,306
Debtor in receipt of social assistance	3,712,460	3,395,033
Stay of enforcement in place	1,868,060	1,754,181
	14,144,952	14,640,520
Enforceable support orders	7,367,734	7,277,146
	\$ 21,512,686	\$ 21,917,666

DIRECTOR OF SUPPORT ENFORCEMENT
NOTES TO FINANCIAL STATEMENTS
31 March 2005

5. Other payables

Other payables of \$19,352 (2004 - \$9,771) represent funds which have not been assigned to any debtor account. These amounts may eventually be paid to the Newfoundland Exchequer Account.

6. Related party transactions

The Director of Support Enforcement operates as a division of the Department of Justice. During the year the Director paid approximately \$2.8 million (2004 - \$2.8 million) to the Department of Human Resources, Labour and Employment related to support payments collected on behalf of individuals receiving social assistance.

7. Financial instruments

The Director's financial instruments recognized on the balance sheet consist of cash, accounts receivable, other receivables, accounts payable and other payables. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

8. Income taxes

The Director of Support Enforcement operates as a division of the Department of Justice and as such is not subject to Provincial or Federal income taxes.

**Eastern Health and Community Services
Board
Consolidated Financial Statements
March 31, 2005**

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Chairman and Members of the
Eastern Regional Integrated Health Authority

We have audited the consolidated statement of financial position of the **Eastern Health and Community Services Board** at March 31, 2005 and the consolidated statements of operations and changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Eastern Health and Community Services Board as at March 31, 2005, and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 24, 2005

Grant Thornton LLP
Chartered Accountants

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Eastern Health and Community Services Board Consolidated Statement of Operations

Year Ended March 31	2005	2004
Revenue		
Provincial plan	\$ 45,794,863	\$ 45,149,810
Early Childhood Development Program	710,014	572,838
National Child Benefit Program	475,546	484,339
MCP revenue	332,101	338,959
Federal Children's Allowance	266,670	177,745
Other income	<u>26,337</u>	<u>22,484</u>
	<u>47,605,531</u>	<u>46,746,175</u>
Expenditure		
Operating		
Salaries	14,409,326	14,310,656
Benefits	2,713,536	2,811,260
Rent	990,969	974,970
Travel	645,608	686,652
Telephone	412,322	414,336
Medical supplies	362,584	392,396
Miscellaneous	<u>750,733</u>	<u>791,936</u>
	<u>20,285,078</u>	<u>20,382,206</u>
Program		
Family Rehabilitative Program	13,552,525	13,335,993
Home Support Program	5,147,331	5,563,805
Child Welfare Program	3,363,906	3,395,843
Personal Care Homes Program	2,758,189	2,669,759
Special Assistance Program	1,081,203	983,576
Early Childhood Development Program	338,961	244,874
National Child Benefit Program	131,020	144,948
Community Corrections Program	<u>34,017</u>	<u>48,201</u>
	<u>26,407,152</u>	<u>26,386,999</u>
	<u>46,692,230</u>	<u>46,769,205</u>
Surplus (deficit) prior to non-shareable items	<u>913,301</u>	<u>(23,030)</u>
Non-shareable items		
Amortization of deferred capital grants	(215,262)	(243,369)
Depreciation	215,262	243,369
Accrued severance expense increase	68,019	702,475
Accrued vacation expense increase	40,788	171,431
Interest, donations and bequests	(58,172)	(72,298)
Board expenses	<u>32,506</u>	<u>140,091</u>
	<u>83,141</u>	<u>941,699</u>
Surplus (deficit) on operations	<u>\$ 830,160</u>	<u>\$ (964,729)</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Eastern Health and Community Services Board **Consolidated Statement of Financial Position**

March 31

2005

2004

Assets

Current

Receivables (Note 3)	\$ 626,322	\$ 845,897
Prepays	<u>326,219</u>	<u>362,431</u>
	952,541	1,208,328
Resident trust fund	29,416	38,765
Property and equipment (Note 4)	388,590	524,976
Equipment under capital lease (Note 4)	<u>39,403</u>	<u>68,364</u>
	<u>\$ 1,409,950</u>	<u>\$ 1,840,433</u>

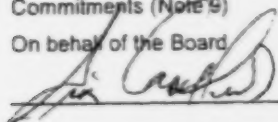
Liabilities

Current

Bank indebtedness (Note 5)	\$ 2,216,785	\$ 3,247,842
Payables and accruals	1,282,346	1,403,445
Current portion of obligation under capital lease	32,321	32,321
Accrued vacation pay	1,418,206	1,377,418
Deferred contributions:		
Operating	567,321	499,706
Early Childhood Development	26,853	480,192
ELCC	242,602	-
National Child Benefit	<u>202,930</u>	<u>107,729</u>
	5,989,364	7,148,653
Resident trust liability	29,416	38,765
Accrued severance pay	2,886,884	2,818,865
Obligation under capital lease (Note 6)	7,082	36,044
Deferred contributions - capital (Note 7)	<u>466,877</u>	<u>597,939</u>
	9,379,623	10,640,266
Net Deficiency		
Deficiency	<u>(7,969,673)</u>	<u>(8,799,833)</u>
	<u>\$ 1,409,950</u>	<u>\$ 1,840,433</u>

Commitments (Note 9)

On behalf of the Board



Member



Member

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Eastern Health and Community Services Board
Consolidated Statement of Changes in Net Deficiency

Year Ended March 31

2005

2004

	<u>Operating Fund</u>	<u>Board Fund</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$(8,886,226)	\$ 86,393	\$(8,799,833)	\$(7,835,104)
Surplus (deficit) on operations	<u>863,874</u>	<u>(33,714)</u>	<u>830,160</u>	<u>(964,729)</u>
Balance, end of year	<u>\$(8,022,352)</u>	<u>\$ 52,679</u>	<u>\$(7,969,673)</u>	<u>\$(8,799,833)</u>

Deficiency comprised of:

Balance prior to accrual for unfunded items	\$(3,664,583)	\$(4,603,550)
Accrued vacation pay	(1,418,206)	(1,377,418)
Accrued severance pay	(2,886,884)	(2,818,865)
	<u>\$(7,969,673)</u>	<u>\$(8,799,833)</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Eastern Health and Community Services Board Consolidated Statement of Cash Flows

Year Ended March 31	2005	2004
Increase (decrease) in cash and cash equivalents		
Operating		
Surplus (deficit) on operations	\$ 830,160	\$ (964,729)
Depreciation	215,262	243,369
Amortization of deferred capital grants	(215,262)	(243,369)
Increase in accrued severance pay	<u>68,019</u>	<u>702,475</u>
	898,179	(262,254)
Change in non-cash operating working capital (Note 8)	<u>127,555</u>	<u>2,851,805</u>
	<u>1,025,734</u>	<u>2,589,551</u>
Financing		
Decrease in bank borrowings	(1,115,789)	(1,814,747)
Transfer from Board Fund – capital	-	120,000
Capital grants - Province of Newfoundland and Labrador	<u>84,200</u>	<u>25,000</u>
	<u>(1,031,589)</u>	<u>(1,669,747)</u>
Investing		
Purchase of equipment and leasehold improvements	<u>(78,877)</u>	<u>(200,167)</u>
Net (decrease) increase in cash and cash equivalents	(84,732)	719,637
Cash and cash equivalents		
Beginning of year	<u>137,411</u>	<u>(582,226)</u>
End of year	<u>\$ 52,679</u>	<u>\$ 137,411</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Eastern Health and Community Services Board Notes to the Consolidated Financial Statements

March 31, 2005

1. Nature of operations

The Eastern Health and Community Services Board provides health promotion, health protection, continuing care and mental health and addictions services to the residents of the communities of the region. In addition, the Board administers the Home Support Program, Personal Care Homes Program, Special Assistance Program, Family Rehabilitative Program, Child Welfare, Community Corrections Program, Early Childhood Development Program and National Child Benefit Program.

The Board is incorporated under the Health and Community Services Act of Newfoundland and Labrador and is exempt from income taxes under the Income Tax Act.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund.

2. Summary of significant accounting policies

Operating Fund

The Operating Fund is used to account for the operating activities of the Board.

Board Fund

The Board Fund reflects assets held for special purposes which may be used at the discretion of the Board. Revenues consists mainly of donations, bequests and interest; and expenditures are contributions for the purchase of capital assets and certain operating expenditures not funded by Government.

Use of estimates

In preparing the Board Fund's consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdrafts). Bank borrowings are considered to be financing activities.

Capital assets

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

Grant Thornton 

Eastern Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Depreciation

Depreciation is recorded using the following bases and rates:

Furnishings	6 2/3%, declining balance
Computer software	20%, declining balance
Equipment	33 1/3%, declining balance
Vehicles	30%, declining balance
Leasehold improvements	20%, straight line
Equipment under capital lease	20%, straight line

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service with the Board or another public sector employer, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

Deferred contributions

Grants received from the Province of Newfoundland and Labrador and the Board Fund relating to the acquisition of capital assets are recorded as deferred contributions and are amortized on the same basis as the related asset is depreciated. During the year a grant of \$84,200 (2004 - \$25,000) was received from the Department of Health and Community Services.

Revenue recognition

The Board follows the deferral method of accounting for contributions which include donations and government grants.

Medical supplies

Medical supplies are charged to cost of services when purchased.

3. Receivables	2005	2004
Province of Newfoundland and Labrador	\$ 258,107	\$ 526,820
Other	<u>368,215</u>	<u>319,077</u>
	<u>\$ 626,322</u>	<u>\$ 845,897</u>

Grant Thornton 

Eastern Health and Community Services Board Notes to the Consolidated Financial Statements

March 31, 2005

4. Property and equipment			<u>2005</u>	<u>2004</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furnishings	\$ 15,838	\$ 6,208	\$ 9,630	\$ 10,318
Computer software	92,888	51,412	41,476	51,845
Equipment	991,416	748,922	242,494	292,233
Vehicles	58,443	46,988	11,455	16,364
Leasehold improvements	<u>390,331</u>	<u>306,796</u>	<u>83,535</u>	<u>154,216</u>
	<u>\$ 1,548,916</u>	<u>\$ 1,160,326</u>	<u>\$ 388,590</u>	<u>\$ 524,976</u>

The cost of the equipment under the capital lease is \$146,190. It is being amortized over the useful life of the equipment which is estimated to be five years. The amount of amortization charged to expense is \$28,962 (2004 - \$28,599).

5. Bank indebtedness

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$4,600,000 at March 31, 2005 (and expires on March 31, 2006).

Bank indebtedness consists of:	<u>2005</u>	<u>2004</u>
Operating line of credit	\$(2,269,464)	\$(3,385,253)
Cash and cash equivalents	<u>52,679</u>	<u>137,411</u>
	<u>\$(2,216,785)</u>	<u>\$(3,247,842)</u>

6. Obligation under capital lease

The obligation under capital lease is repayable at a rate of \$15.10 per bloodline. Repayments in each of the next two years are estimated to be as follows: 2006 - \$32,321; and 2007 - \$7,082.

Eastern Health and Community Services Board Notes to the Consolidated Financial Statements

March 31, 2005

7. Deferred contributions - capital

Capital grants from the Province of Newfoundland and Labrador and the Board Fund received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 597,939	\$ 696,307
Capital contributions from Province of Newfoundland and Labrador	84,200	25,000
Capital contributions from the Board Fund	-	120,000
Amortization for the year	<u>(215,262)</u>	<u>(243,368)</u>
Balance, end of year	<u>\$ 466,877</u>	<u>\$ 597,939</u>

8. Supplemental cash flow information

	<u>2005</u>	<u>2004</u>
Change in non-cash operating working capital		
Receivables	\$ 219,575	\$ 2,669,963
Prepays	36,212	85,066
Payables and accruals	(121,099)	(31,690)
Accrued vacation pay	40,788	171,431
Deferred contributions	<u>(47,921)</u>	<u>(42,965)</u>
	<u>\$ 127,555</u>	<u>\$ 2,851,805</u>

9. Commitments

The Board is committed to minimum annual rentals under lease agreements for office space, equipment, and vehicles in the next four years as follows:

2006	\$ 761,998
2007	\$ 461,590
2008	\$ 252,712
2009	\$ 237,511

Eastern Health and Community Services Board Notes to the Consolidated Financial Statements

March 31, 2005

10. Financial instruments

Fair values of financial instruments are disclosed in the notes to the consolidated financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

11. Subsequent event

Effective April 1, 2005 the Board's operations were incorporated under the authority of the Eastern Regional Integrated Health Authority.

**Eastern Health and Community Services
Board
Operating Fund
Financial Statements
March 31, 2005**

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Chairman and Members of the
Eastern Regional Integrated Health Authority

We have audited the statement of financial position of the **Eastern Health and Community Services Board - Operating Fund** as at March 31, 2005, and the statements of operations and changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Eastern Health and Community Services Board - Operating Fund as at March 31, 2005, and the results of its operations and changes in its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 24, 2005

Grant Thornton LLP
Chartered Accountants

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**Eastern Health and Community Services Board
Operating Fund
Statement of Operations**

Year Ended March 31	2005	2004
Revenue		
Provincial plan	\$ 45,794,863	\$ 45,149,810
Early Childhood Development Program	710,014	572,838
National Child Benefit Program	475,546	484,339
MCP revenue	332,101	338,959
Federal Children's Allowance	266,670	177,745
Board Fund Grant	59,380	35,458
Other income	26,337	22,484
	<u>47,664,911</u>	<u>46,781,633</u>
Expenditure		
Operating		
Salaries	14,409,326	14,310,656
Benefits	2,713,536	2,811,260
Rent	990,969	974,970
Travel	645,608	686,652
Telephone	412,322	414,336
Medical supplies	362,584	392,396
Miscellaneous	750,733	791,936
	<u>20,285,078</u>	<u>20,382,206</u>
Program		
Family Rehabilitative Program	13,552,525	13,335,993
Home Support Program	5,147,331	5,563,805
Child Welfare Program	3,363,906	3,395,843
Personal Care Homes Program	2,758,189	2,669,759
Special Assistance Program	1,081,203	983,576
Early Childhood Development Program	338,961	244,874
National Child Benefit Program	131,020	144,948
Community Corrections Program	34,017	48,201
	<u>26,407,152</u>	<u>26,386,999</u>
	<u>46,692,230</u>	<u>46,769,205</u>
Surplus prior to non-shareable items	<u>972,681</u>	<u>12,428</u>
Non-shareable items		
Amortization of deferred capital grants	(215,262)	(243,369)
Depreciation	215,262	243,369
Accrued severance expense increase	68,019	702,475
Accrued vacation expense increase	40,788	171,431
	<u>108,807</u>	<u>873,906</u>
Surplus (deficit) on operations	<u>\$ 863,874</u>	<u>\$ (861,478)</u>

See accompanying notes to the financial statements.

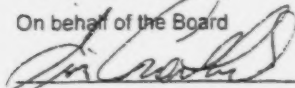
Grant Thornton

**Eastern Health and Community Services Board
Operating Fund
Statement of Financial Position**

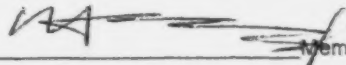
March 31	2005	2004
Assets		
Current		
Receivables (Note 3)	\$ 626,322	\$ 845,897
Due from Board Fund	-	51,018
Prepays	<u>326,219</u>	<u>362,431</u>
	952,541	1,259,346
Resident trust fund	29,416	38,765
Property and equipment (Note 4)	388,590	524,976
Equipment under capital lease (Note 4)	<u>39,403</u>	<u>68,364</u>
	<u>\$ 1,409,950</u>	<u>\$ 1,891,451</u>
Liabilities		
Current		
Bank indebtedness (Note 5)	\$ 2,269,464	\$ 3,385,253
Payables and accruals	1,282,346	1,403,445
Current portion of obligation under capital lease	32,321	32,321
Accrued vacation pay	1,418,206	1,377,418
Deferred contributions		
Operating	567,321	499,706
Deferred contributions - Early Learning Child Care	26,853	-
Early Childhood Development	242,602	480,192
National Child Benefit	<u>202,930</u>	<u>107,729</u>
	6,042,043	7,286,064
Resident trust liability	29,416	38,765
Accrued severance pay	2,886,884	2,818,865
Obligation under capital lease (Note 6)	7,082	36,044
Deferred contributions - capital (Note 7)	<u>466,877</u>	<u>597,939</u>
	9,432,302	10,777,677
Net Deficiency		
Deficiency	<u>(8,022,352)</u>	<u>(8,886,226)</u>
	<u>\$ 1,409,950</u>	<u>\$ 1,891,451</u>

Commitments (Note 9)

On behalf of the Board



Member



Member

See accompanying notes to the financial statements.

Grant Thornton 

**Eastern Health and Community Services Board
Operating Fund
Statement of Changes in Net Deficiency**

Year Ended March 31	2005	2004
Balance, beginning of year	<u>\$ (8,886,226)</u>	<u>\$ (8,024,748)</u>
Surplus (deficit) on operations	<u>863,874</u>	<u>(861,478)</u>
Balance, end of year	<u><u>\$ (8,022,352)</u></u>	<u><u>\$ (8,886,226)</u></u>
Deficiency comprised of:		
Balance prior to accrual for unfunded items	<u>\$ (3,717,262)</u>	<u>(4,689,943)</u>
Vacation pay accrual	<u>(1,418,206)</u>	<u>(1,377,418)</u>
Severance pay accrual	<u>(2,886,884)</u>	<u>(2,818,865)</u>
	<u><u>\$ (8,022,352)</u></u>	<u><u>\$ (8,886,226)</u></u>

See accompanying notes to the financial statements.

Grant Thornton 

Eastern Health and Community Services Board
Operating Fund
Statement of Cash Flows

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating		
Surplus (deficit) on operations	\$ 863,874	\$ (861,478)
Depreciation	215,262	243,369
Amortization of deferred capital grants	(215,262)	(243,369)
Increase in accrued severance pay	<u>58,019</u>	<u>702,475</u>
	931,893	(159,003)
Change in non-cash operating working capital (Note 8)	<u>178,573</u>	<u>2,843,235</u>
	<u>1,110,466</u>	<u>2,684,232</u>
Financing		
Decrease in bank borrowings	(1,115,789)	(1,814,747)
Transfer from Board Fund - capital	-	120,000
Capital grants - Province of Newfoundland and Labrador	<u>84,200</u>	<u>25,000</u>
	<u>(1,031,589)</u>	<u>(1,669,747)</u>
Investing		
Purchase of equipment and leasehold improvements	<u>(78,877)</u>	<u>(200,167)</u>
Net increase in cash and cash equivalents	-	814,318
Cash and cash equivalents		
Beginning of year	-	(814,318)
End of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Grant Thornton 

Eastern Health and Community Services Board Operating Fund

Notes to the Financial Statements

March 31, 2005

1. Nature of operations

The Eastern Health and Community Services Board - Operating Fund provides health promotion, health protection, continuing care and mental health and addictions services to the residents of the communities of the region. In addition, the Board administers the Home Support Program, Personal Care Homes Program, Special Assistance Program, Family Rehabilitative Program, Child Welfare Program, Community Corrections Program, National Child Benefit Program and Early Childhood Development Program.

The Board is incorporated under the Health and Community Services Act of Newfoundland and Labrador and is exempt from income taxes under the Income Tax Act.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund.

The results of the Board Fund are presented in separate financial statements.

2. Summary of significant accounting policies

Use of estimates

In preparing the Board's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdrafts). Bank borrowings are considered to be financing activities.

Capital assets

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

Depreciation

Depreciation is recorded using the following bases and rates.

Furnishings	6 2/3%, declining balance
Computer software	20%, declining balance
Equipment	33 1/3%, declining balance
Vehicle	30%, declining balance
Leasehold improvements	20%, straight line
Equipment under capital lease	20%, straight line

Grant Thornton 

Eastern Health and Community Services Board

Operating Fund

Notes to the Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd.)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service with the Board or another public sector employer, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the Board.

Deferred contributions

Grants received from the Province of Newfoundland and Labrador and the Board Fund relating to the acquisition of capital assets are recorded as deferred contributions and are amortized on the same basis as the related asset is depreciated. During the year grants of \$84,200 (2003 - \$25,000) was received from the Department of Health and Community Services and \$Nil (2003 - \$120,000) was received from the Board Fund.

Revenue recognition

The Board follows the deferral method of accounting for contributions which include donations and government grants.

Medical supplies

Medical supplies are charged to cost of services when purchased.

3. Receivables	2005	2004
Province of Newfoundland and Labrador	\$ 258,107	\$ 526,820
Other	<u>368,215</u>	<u>319,077</u>
	<u>\$ 626,322</u>	<u>\$ 845,897</u>

Grant Thornton 

Eastern Health and Community Services Board Operating Fund

Notes to the Financial Statements

March 31, 2005

4. Property and equipment			<u>2005</u>	<u>2004</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furnishings	\$ 15,838	\$ 6,208	\$ 9,630	\$ 10,318
Computer software	92,888	51,412	41,476	51,845
Equipment	991,416	748,922	242,494	292,233
Vehicle	58,443	46,988	11,455	16,364
Leasehold improvements	390,331	306,796	83,535	154,216
	<u>\$ 1,548,916</u>	<u>\$ 1,160,326</u>	<u>\$ 388,590</u>	<u>\$ 524,976</u>

The cost of the equipment under the capital lease is \$146,190. It is being amortized over the useful life of the equipment which is estimated to be five years. The amount of amortization charged to expense is \$28,962 (2004 - \$28,599).

5. Bank indebtedness

The Board had an authorized overdraft, supported by an authorization to borrow from the Province, of \$4,600,000 at March 31, 2005 (and expires on March 31, 2006).

	<u>2005</u>	<u>2004</u>
Bank indebtedness consists of:		
Operating line of credit	<u>\$(2,269,464)</u>	<u>\$(3,385,253)</u>

6. Obligation under capital lease

The obligation under capital lease is repayable at a rate of \$15.10 per bloodline. Repayments in each of the next two years are estimated to be as follows:
2006 - \$32,231 and 2007 - \$7,082.

7. Deferred contributions - capital

Capital grants from the Province of Newfoundland and Labrador and the Board Fund received by the Board are deferred and amortized on a declining balance method consistent with the depreciation rate for the related asset purchased. The changes in the deferred capital grants balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 597,939	\$ 696,307
Capital contributions from Province of Newfoundland and Labrador	84,200	25,000
Capital contributions from the Board Fund	-	120,000
Amortization for the year	<u>(215,262)</u>	<u>(243,368)</u>
Balance, end of year	<u>\$ 466,877</u>	<u>\$ 597,939</u>

Grant Thornton 

Eastern Health and Community Services Board Operating Fund

Notes to the Financial Statements

March 31, 2005

8. Supplemental cash flow information	2005	2004
Change in non-cash operating working capital		
Receivables	\$ 219,575	\$ 2,669,963
Due from Board Fund	51,018	(8,570)
Prepays	36,212	85,066
Payables and accruals	(121,099)	(31,690)
Accrued vacation pay	40,788	171,431
Deferred contributions	(47,921)	(42,965)
	<u>\$ 178,573</u>	<u>\$ 2,843,235</u>

9. Commitments

The Board is committed to minimum annual rentals under lease agreements for office space, equipment and vehicles in the next four years as follows:

2006	\$ 761,998
2007	\$ 461,590
2008	\$ 252,712
2009	\$ 237,511

10. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

11. Subsequent event

Effective April 1, 2005 the Board's operations were incorporated under the authority of the Eastern Regional Integrated Health Authority.

Deloitte

**General Hospital Hostel
Association
Financial Statements
March 31, 2004**

Deloitte

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada
Tel: (709) 576-8480
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Auditors' Report

To the Members of the Board of
General Hospital Hostel Association

We have audited the statement of financial position of General Hospital Hostel Association as at March 31, 2004 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2003 and for the year then ended were audited by other auditors who issued their report dated June 20, 2003.

Deloitte + Touche LLP

Chartered Accountants
July 12, 2004

Member of
Deloitte Touche Tohmatsu

General Hospital Hostel Association
Statement of Operations and Changes in Net Assets

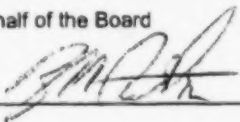
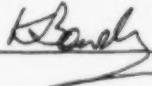
Year Ended March 31	2004	2003
Revenue		
Rentals	\$ 1,422,920	\$ 1,284,823
Rental assistance subsidy (Note 10)	56,810	57,371
Interest	18,255	11,522
Other	<u>28,602</u>	<u>19,648</u>
	<u>1,526,587</u>	<u>1,373,364</u>
Expenditures		
Wages and benefits	314,531	320,698
Housekeeping services	225,227	198,178
Interest on long term debt	223,137	175,971
Laundry and linens	142,039	134,121
Maintenance	120,724	113,385
Utilities	84,370	81,492
Other supplies	28,844	14,781
Administration fees	14,323	14,323
Professional fees	3,713	1,885
Computer services	2,454	2,454
Insurance	<u>1,715</u>	<u>1,715</u>
	<u>1,161,077</u>	<u>1,059,003</u>
Excess of revenue over expenditures before the following	<u>365,510</u>	<u>314,361</u>
Depreciation	296,140	141,420
Amortization of deferred capital contributions	(90,000)	(45,000)
Increase in severance pay accrual	<u>3,774</u>	<u>2,305</u>
	<u>209,914</u>	<u>98,725</u>
Excess of revenue over expenditures	155,596	215,636
Net assets, beginning of year	318,115	106,988
Transfer to		
Capital replacement reserve (Note 8)	(4,993)	(4,509)
Subsidy surplus fund (Note 9)	<u>(772)</u>	<u>-</u>
Net assets, end of year	<u>\$ 467,946</u>	<u>\$ 318,115</u>

See accompanying notes to the financial statements.

General Hospital Hostel Association Statement of Financial Position

March 31	2004	2003
Assets		
Current		
Cash and cash equivalents	\$ 213,282	\$ 565,000
Receivables	<u>26,856</u>	<u>32,050</u>
	240,138	597,050
Restricted funds (Note 3)	268,376	262,611
Building and equipment (Note 4)	<u>7,235,218</u>	<u>7,526,485</u>
	<u>\$ 7,743,732</u>	<u>\$ 8,386,146</u>
Liabilities		
Current		
Payables and accruals (Note 5)	\$ 54,285	\$ 46,796
Due to Health Care Corporation of St. John's	60,021	574,130
Current portion of long term debt (Note 6)	<u>213,543</u>	<u>205,165</u>
	327,849	826,091
Long term debt (Note 6)	4,960,413	5,173,955
Deferred capital contributions (Note 7)	1,665,000	1,755,000
Accrued severance pay	54,148	50,374
Capital replacement reserve (Note 8)	231,663	226,670
Subsidy surplus fund (Note 9)	<u>36,713</u>	<u>35,941</u>
	7,275,786	8,068,031
Net Assets		
Net assets	<u>467,946</u>	<u>318,115</u>
	<u>\$ 7,743,732</u>	<u>\$ 8,386,146</u>

On behalf of the Board

 Chairman
  Director

See accompanying notes to the financial statements.

General Hospital Hostel Association **Statement of Cash Flows**

Year Ended March 31	2004	2003
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditures	\$ 155,596	\$ 215,636
Items not requiring a cash outlay		
Depreciation	296,140	141,420
Amortization of deferred capital contributions	(90,000)	(45,000)
Accrued severance pay	<u>3,774</u>	<u>2,305</u>
	365,510	314,361
Change in non-cash operating working capital (Note 11)	<u>(501,426)</u>	<u>361,891</u>
Cash provided by (used in) operating activities	<u>(135,916)</u>	<u>676,252</u>
Financing		
Proceeds from long term debt	-	2,500,000
Repayment of long term debt	(205,164)	(96,420)
Decrease in contractual obligations	<u>-</u>	<u>(1,980,143)</u>
Cash provided by (used in) financing activities	<u>(205,164)</u>	<u>423,437</u>
Investing		
Construction in progress	-	(713,645)
Capital purchases	<u>(4,873)</u>	<u>-</u>
Cash used in investing activities	<u>(4,873)</u>	<u>(713,645)</u>
Net increase (decrease) in cash and cash equivalents	(345,953)	386,044
Cash and cash equivalents		
Beginning of year	<u>827,611</u>	<u>441,567</u>
End of year	<u>\$ 481,658</u>	<u>\$ 827,611</u>
Represented by:		
Cash	\$ 213,282	\$ 565,000
Restricted funds	<u>268,376</u>	<u>262,611</u>
	<u>\$ 481,658</u>	<u>\$ 827,611</u>

See accompanying notes to the financial statements.

General Hospital Hostel Association

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The General Hospital Hostel Association ("the Hostel" or "the Association") was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients.

On June 28, 2002 the extension to the Agnes Cowan Hostel was completed. At this time the Hostel assumed the services of the Northwest Rotary – Janeway Hostel Corporation.

The Hostel is incorporated under the Corporations Act of Newfoundland and is a registered charity under the Income Tax Act.

2. Summary of significant accounting policies

The financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured.

Use of estimates

In preparing the Association's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Capital assets

Capital assets are recorded at cost. Depreciation is recorded on the buildings in an amount equal to the principal repayment on long-term debt. Depreciation is recorded on equipment on a declining balance basis using a rate of 20%.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation expense related to the capital assets purchased.

General Hospital Hostel Association Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (Continued)

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Association.

Pension costs

Employees of the Hostel are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Hostel. The annual contributions for pensions are recognized in the accounts on a current basis.

3. Restricted funds

These funds have been set aside to fund the balance of reserves required under an agreement with the Canada Mortgage and Housing Corporation. The balance represents:

	<u>2004</u>	<u>2003</u>
Capital replacement reserve	\$ 231,663	\$ 226,670
Subsidy surplus fund	<u>36,713</u>	<u>35,941</u>
	<u>\$ 268,376</u>	<u>\$ 262,611</u>
Restricted funds consist of the following:		
Cash (overdraft)	\$ 45,463	\$ (22,152)
Bank of Montreal Mortgage Corporation, term investment bearing variable interest, maturing April 20, 2004	222,913	-
Bank of Montreal Mortgage Corporation, term investment bearing interest at 1.75%, matured December 29, 2003.	-	221,712
Bank of Montreal Mortgage Corporation, term investment, bearing interest at 1.50%, matured March 25, 2004.	<u>-</u>	<u>63,051</u>
	<u>\$ 268,376</u>	<u>\$ 262,611</u>

General Hospital Hostel Association Notes to the Financial Statements

March 31, 2004

4.	Building and equipment		<u>2004</u>	<u>2003</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ 8,720,694	\$1,489,374	\$7,231,320	\$7,526,485
Equipment	<u>4,873</u>	<u>975</u>	<u>3,898</u>	<u>-</u>
	\$ 8,725,567	\$1,490,349	\$7,235,218	\$7,526,485

5.	Payables and accruals		<u>2004</u>	<u>2003</u>
Trade and sundry			\$ 29,568	\$ 23,440
Accrued vacation pay			<u>24,717</u>	<u>23,356</u>
			<u>\$ 54,285</u>	<u>\$ 46,796</u>

6.	Long-term debt		<u>2004</u>	<u>2003</u>
Newfoundland and Labrador Housing Corporation 5.79% first mortgage, maturing March 1, 2007, amortized to 2019, payable in monthly principal and interest instalments of \$14,566.				
			\$ 1,764,921	\$ 1,835,238
Royal Bank of Canada 6.50% first mortgage, maturing May 24, 2006, amortized to 2021, payable in monthly principal and interest instalments of \$8,188.				
			1,011,738	1,043,882
Health Care Corporation of St. John's, prime minus 1.75%, maturing April 1, 2023, amortized to 2023, payable in monthly principal and interest instalments of \$12,647.				
			<u>2,397,297</u>	<u>2,500,000</u>
			5,173,956	5,379,120
Less: current portion			<u>213,543</u>	<u>205,165</u>
			<u>\$ 4,960,413</u>	<u>\$ 5,173,955</u>

Principal repayments in each of the next five years are as follows:

2004 - \$213,543; 2005 - \$222,349; 2006 - \$231,614; 2007 - \$240,703; and 2008 - \$250,052.

As collateral for the mortgage and loan the Association has provided:

- a first mortgage on the hostel building;
- assignment of fire insurance on the hostel building;
- chattel mortgage over equipment;
- registered general assignment of rentals; and,
- corporate guarantee of the Health Care Corporation of St. John's.

General Hospital Hostel Association Notes to the Financial Statements

March 31, 2004

7. Deferred capital contributions

The Association has received the following capital contributions towards the cost of the construction of the extension to the existing Agnes Cowan Hostel.

	<u>2004</u>	<u>2003</u>
Opening balance	\$ 1,755,000	\$ 1,800,000
Amortization	<u>90,000</u>	<u>45,000</u>
Ending balance	<u>\$ 1,665,000</u>	<u>\$ 1,755,000</u>

8. Capital replacement reserve

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 226,670	\$ 222,161
Interest earned	<u>4,993</u>	<u>4,509</u>
Balance, end of year	<u>\$ 231,663</u>	<u>\$ 226,670</u>

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation ("the Corporation"), the Association is required to allocate an amount of the annual rental assistance received to a capital replacement reserve. The use of these funds is restricted to the purchase of approved capital items. During the 2003 fiscal year, the Corporation authorized the Association to suspend allocations to the capital replacement reserve until the cash flow position of the Association improved.

9. Subsidy surplus fund

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 35,941	\$ 35,941
Interest earned	<u>772</u>	<u>-</u>
Balance, end of year	<u>\$ 36,713</u>	<u>\$ 35,941</u>

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation, the Association is permitted to allocate an amount of the annual rental assistance received to a subsidy surplus fund in the year this assistance results in an operating surplus. These funds are to be used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance. During the 2003 fiscal year, the Corporation has authorized the Association to suspend allocations to the subsidy surplus fund until the cash flow position of the Association improved and the payable to the Health Care Corporation of St. John's is eliminated.

General Hospital Hostel Association Notes to the Financial Statements

March 31, 2004

10. Rental assistance subsidy

The Association is receiving a rental subsidy from Canada Mortgage and Housing Corporation under the non-profit housing program. The maximum subsidy available is the amount required to effectively reduce the mortgage interest to 2%. The subsidy has two components:

- a) the amount of assistance required to bring the per unit actual rentals to the economic rental rate required to sustain the project; and,
- b) assistance to subsidize rent reductions to income tested occupants.

11. Supplemental cash flow information

	<u>2004</u>	<u>2003</u>
Change in non-cash operating working capital		
Receivables	\$ 5,194	\$ (27,692)
Payables and accruals	<u>(506,620)</u>	<u>389,583</u>
	<u>\$ (501,426)</u>	<u>\$ 361,891</u>
Interest paid	<u>\$ 219,652</u>	<u>\$ 175,971</u>

12. Related party transactions

The Association had the following transactions with related parties during fiscal 2004:

- a) Rental revenue includes \$113,880 (2003 - \$113,880) charged to the Health Care Corporation of St. John's.
- b) Expenditure includes \$361,407 (2003 - \$328,340) charged by the Health Care Corporation of St. John's for administration fees, computer services, housekeeping services, maintenance and security services.

13. Financial instruments

The carrying value of the Association's financial instruments included in current assets and current liabilities as well as the restricted fund balance included in long term assets approximates fair value due to the relatively short term to maturity of these instruments.

Long-term debt reflects fair value based on current borrowing rates available to the Association.

Deloitte

Financial Statements of

**GENERAL HOSPITAL
HOSTEL ASSOCIATION**

March 31, 2005

Deloitte

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada
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Fax: (709) 576-8480
www.deloitte.ca

Auditors' Report

To the Members of the Board of
General Hospital Hostel Association

We have audited the statement of financial position of General Hospital Hostel Association as at March 31, 2005 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
June 30, 2005

GENERAL HOSPITAL HOSTEL ASSOCIATION

Statement of Operations and Net Assets

Year Ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
REVENUE		
Rentals	1,334,721	1,422,920
Rental assistance subsidy (Note 10)	56,251	56,810
Interest	9,587	18,255
Other	23,046	28,602
	<u>1,423,605</u>	<u>1,526,587</u>
EXPENDITURES		
Wages and benefits	326,122	314,531
Housekeeping services	225,227	225,227
Interest on long-term debt	210,557	223,137
Laundry and linens	153,107	142,039
Maintenance	119,402	120,724
Utilities	94,686	84,370
Other supplies	32,409	28,844
Administration fees	14,323	14,323
Professional fees	2,795	3,713
Computer services	2,454	2,454
Insurance	1,715	1,715
	<u>1,182,797</u>	<u>1,161,077</u>
EXCESS OF REVENUE OVER EXPENDITURES		
BEFORE THE FOLLOWING	240,808	365,510
Amortization of capital assets	304,517	296,140
Amortization of deferred capital contributions	(90,000)	(90,000)
Increase in severance pay accrual	11,067	3,774
EXCESS OF REVENUE OVER EXPENDITURES	<u>15,224</u>	<u>155,596</u>

GENERAL HOSPITAL HOSTEL ASSOCIATION
Statement of Changes in Fund Balances
Year Ended March 31, 2005

	2005				2004
	Unrestricted Net Assets	Net Investment in Capital Assets	Capital Replacement Reserve	Subsidy Surplus Fund	Total
	\$	\$			\$
BALANCE, BEGINNING OF YEAR	71,684	396,262	231,663	36,713	580,726
Excess of expenditures over revenue	229,741	(214,517)	-	-	15,224
Transfer to capital replacement reserve (Note 8)	(3,832)		3,832	-	-
Transfer to subsidy surplus fund (Note 9)	(616)		-	616	-
Repayment of long-term debt	(213,543)	213,543	-	-	-
BALANCE, END OF YEAR	83,434	395,288	235,495	37,329	736,322

GENERAL HOSPITAL HOSTEL ASSOCIATION **Statement of Financial Position**

March 31, 2005

	<u>2005</u> \$	<u>2004</u> \$
ASSETS		
CURRENT		
Cash and cash equivalents	198,117	213,282
Receivables	22,562	26,856
	<u>220,679</u>	<u>240,138</u>
Restricted funds (Note 3)	272,824	268,376
Building and equipment (Note 4)	6,930,701	7,235,218
	<u>7,424,204</u>	<u>7,743,732</u>
LIABILITIES		
CURRENT		
Payables and accruals (Note 5)	61,816	54,285
Due to Health Care Corporation of St. John's	10,214	60,021
Current portion of long-term debt (Note 6)	222,351	213,543
	<u>294,381</u>	<u>327,849</u>
Long-term debt (Note 6)	4,738,062	4,960,413
Deferred capital contributions (Note 7)	1,575,000	1,665,000
Accrued severance pay	65,215	54,148
	<u>6,672,658</u>	<u>7,007,410</u>
FUND BALANCES		
Unrestricted	83,434	71,684
Investment in capital assets	395,288	396,262
Capital replacement reserve (Note 8)	235,495	231,663
Subsidy surplus fund (Note 9)	37,329	36,713
	<u>751,546</u>	<u>736,322</u>
	<u>7,424,204</u>	<u>7,743,732</u>

ON BEHALF OF THE BOARD:

 Chairman

 Director

GENERAL HOSPITAL HOSTEL ASSOCIATION

Statement of Cash Flows

Year ended March 31, 2005

	<u>2005</u> \$	<u>2004</u> \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures	15,224	155,596
Adjustments for:		
Amortization of capital assets	304,517	296,140
Amortization of deferred capital contributions	(90,000)	(90,000)
Accrued severance pay	11,067	3,774
Change in non-cash operating working capital (Note 11)	(37,982)	(501,426)
	<u>202,826</u>	<u>(135,916)</u>
FINANCING ACTIVITY		
Repayment of long-term debt	(213,543)	(205,164)
INVESTING ACTIVITY		
Capital purchases	-	(4,873)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(10,717)	(345,953)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>481,658</u>	<u>827,611</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>470,941</u>	<u>481,658</u>
REPRESENTED BY		
Cash and cash equivalents	198,117	213,282
Restricted funds	272,824	268,376
	<u>470,941</u>	<u>481,658</u>

GENERAL HOSPITAL HOSTEL ASSOCIATION

Notes to Financial Statements

March 31, 2005

1. NATURE OF OPERATIONS

The General Hospital Hostel Association ("the Hostel" or "the Association") was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients.

On June 28, 2002 the extension to the Agnes Cowan Hostel was completed. At this time the Hostel assumed the services of the Northwest Rotary – Janeway Hostel Corporation.

The Hostel is incorporated under the Corporations Act of Newfoundland and is a registered charity under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with maturities of one year or less. Bank borrowings are considered to be financing activities.

Capital assets

Capital assets are recorded at cost. Amortization is recorded on the buildings in an amount equal to the principal repayment on long-term debt, which approximates the useful life of the assets. Amortization is recorded on equipment on a declining balance basis using a rate of 20%.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as amortization expense related to the capital assets purchased.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Association.

GENERAL HOSPITAL HOSTEL ASSOCIATION

Notes to Financial Statements

March 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension costs

Employees of the Hostel are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Hostel. The annual contributions for pensions are recognized in the accounts on a current basis.

Use of estimates

In preparing the Association's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. RESTRICTED FUNDS

These funds have been set aside to fund the balance of reserves required under an agreement with the Canada Mortgage and Housing Corporation. The balance is represented by the following:

	<u>2005</u>	<u>2004</u>
	\$	\$
Capital replacement reserve	235,495	231,663
Subsidy surplus fund	37,329	36,713
	<u>272,824</u>	<u>268,376</u>
Restricted funds consist of the following:		
Cash	272,824	45,463
Bank of Montreal Mortgage Corporation, term investment bearing variable interest, matured April 20, 2004	-	222,913
	<u>272,824</u>	<u>268,376</u>

GENERAL HOSPITAL HOSTEL ASSOCIATION

Notes to Financial Statements

March 31, 2005

4. BUILDING AND EQUIPMENT

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Building	8,323,323	1,395,546	6,927,777	7,231,320
Equipment	4,873	1,949	2,924	3,898
	8,328,196	1,397,495	6,930,701	7,235,218

5. PAYABLES AND ACCRUALS

	2005	2004
	\$	\$
Trade and sundry	31,500	29,568
Accrued vacation pay	30,316	24,717
	61,816	54,285

6. LONG-TERM DEBT

	2005	2004
	\$	\$
Newfoundland and Labrador Housing Corporation 5.79% first mortgage, maturing March 1, 2007, amortized to 2019, payable in monthly principal and interest instalments of \$14,566.	1,690,422	1,764,921
Royal Bank of Canada 6.50% term loan, maturing May 24, 2006, amortized to 2021, payable in monthly principal and interest instalments of \$8,188.	977,470	1,011,738
Health Care Corporation of St. John's 2% loan, unsecured, maturing April 1, 2007, amortized to 2027, payable in monthly principal and interest instalments of \$12,647.	2,292,521	2,397,297
	4,960,413	5,173,956
Less: current portion	222,351	213,543
	4,738,062	4,960,413

GENERAL HOSPITAL HOSTEL ASSOCIATION

Notes to Financial Statements

March 31, 2005

6. LONG-TERM DEBT (Continued)

Principal repayments in each of the next five years are as follows:

	\$
2006	222,351
2007	233,815
2008	242,673
2009	253,204
2010	264,003

As collateral for the mortgage and term loan the Association has provided:

- a) a first mortgage and a fixed charge debenture on the hostel building;
- b) assignment of fire insurance on the hostel building;
- c) chattel mortgage over equipment;
- d) registered general assignment of rentals; and,
- e) corporate guarantee of the Health Care Corporation of St. John's.

7. DEFERRED CAPITAL CONTRIBUTIONS

The Association has received the following capital contributions towards the cost of the construction of the extension to the existing Agnes Cowan Hostel.

	<u>2005</u>	<u>2004</u>
	\$	\$
Balance, beginning of year	1,665,000	1,755,000
Amortization	90,000	90,000
Balance, end of year	1,575,000	1,665,000

8. CAPITAL REPLACEMENT RESERVE

	<u>2005</u>	<u>2004</u>
	\$	\$
Balance, beginning of year	231,663	226,670
Interest earned	3,832	4,993
Balance, end of year	235,495	231,663

GENERAL HOSPITAL HOSTEL ASSOCIATION

Notes to Financial Statements

March 31, 2005

8. CAPITAL REPLACEMENT RESERVE (Continued)

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation ("the Corporation"), the Association is required to allocate an amount of the annual rental assistance received to a capital replacement reserve. The use of these funds is restricted to the purchase of approved capital items. During the 2003 fiscal year, the Corporation authorized the Association to suspend allocations to the capital replacement reserve until the cash flow position of the Association improved.

9. SUBSIDY SURPLUS FUND

	<u>2005</u>	<u>2004</u>
	\$	\$
Balance, beginning of year	36,713	35,941
Interest earned	616	772
Balance, end of year	<u>37,329</u>	<u>36,713</u>

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation, the Association is permitted to allocate an amount of the annual rental assistance received to a subsidy surplus fund in the year this assistance results in an operating surplus. These funds are to be used to meet future subsidy requirements of income tested occupants over and above the maximum federal assistance. During the 2003 fiscal year, the Corporation authorized the Association to suspend allocations to the subsidy surplus fund until the cash flow position of the Association improved and the payable to the Health Care Corporation of St. John's is eliminated.

10. RENTAL ASSISTANCE SUBSIDY

The Association is receiving a rental subsidy from Canada Mortgage and Housing Corporation under the non-profit housing program. The maximum subsidy available is the amount required to effectively reduce the mortgage interest to 2%. The subsidy has two components:

- a) the amount of assistance required to bring the per unit actual rentals to the economic rental rate required to sustain the project; and,
- b) assistance to subsidize rent reductions to income tested occupants.

GENERAL HOSPITAL HOSTEL ASSOCIATION
Notes to Financial Statements
March 31, 2005

11. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash operating working capital

	<u>2005</u>	<u>2004</u>
	\$	\$
Receivables	4,294	5,194
Payables and accruals	7,531	(506,620)
Due to Health Care Corporation of St. John's	(49,807)	-
	<u>(37,982)</u>	<u>(501,426)</u>
Interest paid	<u>211,275</u>	<u>219,652</u>

12. RELATED PARTY TRANSACTIONS

The Hostel coordinates with the Health Care Corporation of St. John's to provide quality accommodations to outpatients and family members of inpatients.

The Association had the following transactions with related parties during fiscal 2005:

- a) Rental revenue includes \$113,880 (2004 - \$113,880) charged to the Health Care Corporation of St. John's.
- b) Expenditures include \$361,407 (2004 - \$361,407) charged by the Health Care Corporation of St. John's for administration fees, computer services, housekeeping services, maintenance and security services.

Transactions between related parties are measured at their exchange value.

13. FINANCIAL INSTRUMENTS

The carrying value of the Association's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturity of these instruments.

Long-term debt, with the exception of the Health Care Corporation of St. John's loan, approximates fair value based on current borrowing rates available to the Association. The Health Care Corporation of St. John's loan bears interest at 2% and as such does not approximate fair value.



Financial Statements of

**GRENFELL REGIONAL HEALTH
SERVICES BOARD - COMBINED FUNDS**

March 31, 2005

Member of
Deloitte Touche Tohmatsu

Deloitte

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10 Factory Lane
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Canada

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Auditors' Report

To the Directors of the
Grenfell Regional Health Services Board

We have audited the Combined Funds balance sheet of Grenfell Regional Health Services Board as at March 31, 2005 and the Combined Funds statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Combined Funds of the Board as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 3, 2005

Member of
Deloitte Touche Tohmatsu

**GRENFELL REGIONAL HEALTH SERVICES BOARD
COMBINED FUNDS**

Statement of Revenues and Expenditures

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	<u>\$</u>	<u>\$</u>
REVENUES		
Provincial plan		
Operating	33,236,410	32,879,732
National Child Benefit	341,958	381,738
Early Child Development	129,587	145,209
MCP physician revenue	7,082,608	6,646,472
Department of Transportation and Works	2,332,115	1,582,115
Inpatient	1,220,340	608,204
Outpatient	176,675	123,068
Long term care	761,212	725,835
Dental revenue	591,508	607,567
Drug recoveries	906,628	847,558
Medical	67,799	77,450
Ambulance	146,360	117,190
Miscellaneous	515,965	536,628
	<u>47,509,165</u>	<u>45,278,766</u>
EXPENDITURES (Schedule 1)		
Administration	3,909,336	4,154,710
Support services	10,184,436	9,715,493
Nursing inpatient services	8,856,318	8,413,634
Ambulatory care services	5,164,171	5,196,318
Diagnostic and therapeutic	3,963,800	4,145,395
Medical services	7,523,405	7,473,304
Community and social services	6,822,554	6,659,956
Research	60,107	-
Education	335,638	301,517
	<u>46,819,765</u>	<u>46,060,327</u>
SURPLUS (DEFICIT) PRIOR TO NON-SHAREABLE ITEMS	689,400	(781,561)
ADJUSTMENTS FOR NON-SHAREABLE ITEMS		
Amortization of deferred capital contributions	1,118,664	1,210,604
Amortization of capital assets	(1,133,041)	(1,232,198)
Accrued vacation	118,312	(76,274)
Accrued severance	181,907	(471,169)
Other expenses (Schedule 7)	(44,935)	(54,456)
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	930,307	(1,405,054)

**GRENFELL REGIONAL HEALTH SERVICES BOARD
COMBINED FUNDS
Statement of Changes in Net Assets**

Year ended March 31, 2005

	2005				2004
	Invested in Capital Assets	Restricted for Endowment Purposes	Restricted for Replacement Reserve	Unrestricted	Total
	\$	\$	\$	\$	\$
Balance, beginning of the year	233,083	528,170	131,818	(10,566,750)	(9,673,679)
Excess of revenues over expenditures (expenditures over revenues)	(14,375)	-	-	944,682	930,307
Endowment contributions	-	2,450	-	-	2,450
Transfer to Grenfell Foundation Inc.	-	(530,620)	-	(199,051)	(729,671)
Transfer to deferred grants operating	-	-	-	(18,625)	(18,625)
Replacement Reserve expenditures - net	-	-	(57,909)	-	(57,909)
Balance, end of the year	218,708	-	73,909	(9,839,744)	(9,673,679)

GRENFELL REGIONAL HEALTH SERVICES BOARD COMBINED FUNDS

Balance Sheet

March 31, 2005

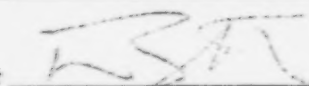
	<u>2005</u>	<u>2004</u>
	\$	\$
ASSETS		
CURRENT		
Accounts receivable	915,480	1,108,440
Due from Province of Newfoundland and Labrador	570,836	978,663
Inventories (Note 3)	809,386	738,802
Prepaid expenses	883,243	986,379
	<u>3,178,945</u>	<u>3,812,284</u>
SEGREGATED CASH	673,907	835,029
CAPITAL ASSETS (Note 4)	10,119,699	10,784,375
	<u>13,972,551</u>	<u>15,431,688</u>
LIABILITIES AND DEFICIENCY		
CURRENT		
Bank indebtedness (Note 5)	2,457,440	1,625,955
Accounts payable and accrued liabilities	1,702,925	3,413,337
Accrued vacation pay	2,168,502	2,286,814
Current portion of long-term debt (Note 6)	67,500	64,300
Deferred grants (Note 7)		
Capital equipment	1,612,490	1,609,681
Operating	1,012,174	793,603
National Child Benefit	119,751	93,303
Early Child Development	27,000	31,586
Early Learning Child Care	516	-
	<u>9,168,298</u>	<u>9,918,579</u>
ACCUMULATED SEVERANCE PAY	4,517,889	4,699,796
LONG-TERM DEBT (Note 6)	1,630,548	1,699,182
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	8,202,943	8,787,810
	<u>23,519,678</u>	<u>25,105,367</u>
NET ASSETS (DEFICIENCY)		
Net assets invested in capital assets	218,708	233,083
Net assets restricted for endowment purposes	-	528,170
Net assets restricted for replacement reserve	73,909	131,818
Unrestricted net assets	(9,839,744)	(10,566,750)
	<u>(9,547,127)</u>	<u>(9,673,679)</u>
	<u>13,972,551</u>	<u>15,431,688</u>

APPROVED BY THE BOARD:

Director



Director



**GRENFELL REGIONAL HEALTH SERVICES BOARD
COMBINED FUNDS**

Statement of Cash Flows

Year ended March 31, 2005

	<u>2005</u> \$	<u>2004</u> \$
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenues)	930,307	(1,405,054)
Items not affecting cash:		
Amortization of deferred capital contributions	(1,118,664)	(1,210,604)
Amortization of capital assets	1,133,041	1,232,198
Amortization in cottage rentals	65,414	59,396
Change in non-cash working capital	(970,252)	64,694
Increase (decrease) in accumulated severance pay	(181,907)	471,169
	<u>(142,061)</u>	<u>(788,201)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(533,779)	(716,823)
Expenditures paid out of replacement reserve	(68,259)	(60,818)
	<u>(602,038)</u>	<u>(777,641)</u>
FINANCING ACTIVITIES		
Increase in bank indebtedness	831,485	588,965
Repayment of long-term debt	(65,434)	(59,379)
Increase in deferred capital contributions	533,797	674,869
Contributions to endowment fund	2,450	148
Transfer to Grenfell Foundation Inc.	(729,671)	-
Allocation to replacement reserve	10,350	10,350
	<u>582,977</u>	<u>1,214,953</u>
NET DECREASE IN CASH	<u>(161,122)</u>	<u>(350,889)</u>
SEGREGATED CASH, BEGINNING OF YEAR	<u>835,029</u>	<u>1,185,918</u>
SEGREGATED CASH, END OF YEAR	<u>673,907</u>	<u>835,029</u>
SUPPLEMENTARY DISCLOSURE		
Interest paid	87,494	109,478

GRENFELL REGIONAL HEALTH SERVICES BOARD

Combined Funds

Notes to the Financial Statements

March 31, 2005

1. DESCRIPTION OF BUSINESS

Grenfell Regional Health Services Board (the "Board") is a not-for-profit organization whose primary operations relate to the provision of health and community services and long term nursing care.

During the year, the Labrador-Grenfell Regional Integrated Health Authority (the "Authority") was created to assume the responsibility of governance for health services in that region of Newfoundland and Labrador. As of April 1, 2005, the Authority has assumed responsibility for the governance of several institutional and community Boards, which includes those operating under the former Health Labrador Corporation and Grenfell Regional Health Services Board.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Basis of accounting

The Board employs fund accounting, classifying financial statement items in either the Operating Fund or the Board Fund. These funds together comprise the Combined Funds.

The Operating Fund includes the primary operations and the operating assets and liabilities of the Board. Revenues (including grants and subsidies) and expenditures relate primarily to the provision of health and community services and long term nursing care.

The Board Fund contains assets held either for rental purposes, special purposes or for use at the discretion of the Board. Income consists mainly of revenue earned from rental operations, contributions and interest. Charges consist of certain hospital operating and capital expenditures not shared by government and expenditures for rental operations.

Revenue and expenditure recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Revenue on rental operations is recognized when earned and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

GRENFELL REGIONAL HEALTH SERVICES BOARD

Combined Funds

Notes to the Financial Statements

March 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories consist of medical, surgical and general supplies, drugs, fuel oil and aircraft parts. Medical, surgical and general supplies and drugs are valued at the lower of cost, determined on an average cost basis, and net realizable value. Fuel oil and aircraft parts are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

Capital assets

Capital assets are recorded at cost. The Charles S. Curtis Memorial Hospital and the John M. Gray Centre are not recorded as assets of the Board since the Board does not hold title to them.

Amortization is recorded in the financial statements using the following amortization policies:

- Buildings - 5% declining balance method
- amount equal to principal reduction of mortgage
- Equipment and vehicles - 20% declining balance method

Severance pay

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continual service.

Pension and other post employment benefits

Employees of the Board are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions and other post employment benefits are recognized in the accounts on a current basis.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GRENFELL REGIONAL HEALTH SERVICES BOARD

Combined Funds

Notes to the Financial Statements

March 31, 2005

3. INVENTORIES

	<u>2005</u>	<u>2004</u>
	\$	\$
Medical, surgical and general supplies	160,639	161,683
Drugs	235,495	274,283
Fuel oil	-	9,927
Aircraft parts	413,252	292,909
	<u>809,386</u>	<u>738,802</u>

4. CAPITAL ASSETS

	<u>2005</u>		<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	\$	\$	\$
Land	2	-	2
Land improvements	24,853	-	24,853
Buildings	14,062,185	7,522,707	6,539,478
Equipment and vehicles	15,378,285	11,822,919	3,555,366
	<u>29,465,325</u>	<u>19,345,626</u>	<u>10,119,699</u>
			<u>10,784,375</u>

5. BANK INDEBTEDNESS

The Board has an unsecured operating line of credit of \$3,000,000, of which \$1,808,647 had been used as at March 31, 2005. The line of credit bears interest at the Bank's prime lending rate.

GRENFELL REGIONAL HEALTH SERVICES BOARD

Combined Funds

Notes to the Financial Statements

March 31, 2005

6. LONG-TERM DEBT

	<u>2005</u>	<u>2004</u>
	\$	\$
Newfoundland and Labrador Housing Corporation 5.79% loan, secured by a mortgage on land and building known as the St. Anthony Interfaith Home 12 Unit Apartment Complex, repayable in blended monthly instalments of \$5,686 to October, 2025	824,310	844,838
Newfoundland and Labrador Housing Corporation 4.47% loan, secured by a mortgage on land and building known as the St. Anthony Interfaith Cottages Complex, repayable in blended monthly instalments of \$7,051 to January, 2019	873,738	918,644
	<u>1,698,048</u>	<u>1,763,482</u>
Less: Current portion	67,500	64,300
	<u>1,630,548</u>	<u>1,699,182</u>

Principal repayments on long-term debt over the next five years are as follows:

	\$
2006	67,500
2007	70,900
2008	74,400
2009	78,100
2010	81,900

7. DEFERRED GRANTS

Deferred grants represent funding received for specific use such as for capital equipment, operating activities, National Child Benefit, Early Child Development and Early Learning Child Care that have not been expended during the year.

GRENFELL REGIONAL HEALTH SERVICES BOARD

Combined Funds

Notes to the Financial Statements

March 31, 2005

8. DEFERRED CAPITAL CONTRIBUTIONS

Contributions received and restricted for the purchase of capital assets are deferred and amortized on the same basis as the corresponding asset.

The deferred capital contributions balance represents the unamortized portion of these restricted contributions.

	<u>2005</u>	<u>2004</u>
	\$	\$
Beginning balance	8,787,810	9,323,545
Add: Capital contributions	533,797	674,869
Less: Amounts amortized to revenue	(1,118,664)	(1,210,604)
Ending balance	8,202,943	8,787,810

9. REPLACEMENT RESERVE

Under the terms of an agreement with the Newfoundland and Labrador Housing Corporation, the Board is required to transfer funds in the amount of \$10,350 (2004 - \$10,350) annually to a separate bank account to provide for capital replacement of the St. Anthony Interfaith Home Cottages Complex and 12 Unit Apartment Complex. The capital replacement reserve is funded by an annual charge against earnings.

10. FINANCIAL INSTRUMENTS

The carrying amounts for the Board's financial instruments included in current assets and current liabilities approximate fair value due to the short term maturity and normal credit terms of these instruments.

The carrying value of long term debt financing approximates its fair value based on current borrowing rates available to the Board.

GRENFELL REGIONAL HEALTH SERVICES BOARD

Combined Funds

Notes to the Financial Statements

March 31, 2005

11. CONTRACTUAL AGREEMENTS

Leases

The Board, in the course of its operations, has entered into agreements for the lease of medical and office equipment and vehicles. Most arrangements are provided on a year to year basis. For those arrangements extending beyond one year, the following are the fixed lease obligations required in each of the next three years:

	\$
2006	139,000
2007	123,600
2008	11,000

Energy Performance Contract

The Board entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design and implementation of measures to improve energy efficiency, wherein Johnson Controls Ltd. guaranteed the energy savings component.

The cost of the contract was \$1,660,616 and is to be repaid from energy and operating savings at \$15,250 per month over a period of 8.2 years plus lump sum amounts aggregating an additional \$166,116.

As of March 31, 2005 the balance of the expenditures financed through the Bank of Nova Scotia amount to \$698,121 (2004 - \$840,390). As support for the financing, Johnson Controls Ltd. has assigned to the bank any funds due to them by the Board for the energy savings component of the contract.

In the opinion of management of the Board, the guaranteed energy savings component by Johnson Controls Ltd. is an offset to any obligation of the Board under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Board at March 31, 2005.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Board's operating statements as a normal operating cost.

12. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current presentation.

SCHEDULE 1

GRENFELL REGIONAL HEALTH SERVICES BOARD
Expenditure Category - Operating/Shareable
Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
ADMINISTRATION		
General administration	1,992,686	2,143,615
Finance	547,985	580,549
Personnel services	445,136	478,747
Systems support	429,362	421,853
Other	494,167	529,946
	<u>3,909,336</u>	<u>4,154,710</u>
SUPPORT SERVICES		
Housekeeping	1,269,673	1,364,477
Laundry and linen	404,605	407,086
Plant services	3,199,570	3,321,417
Patient food services	1,501,294	1,523,472
Other	3,809,294	3,099,041
	<u>10,184,436</u>	<u>9,715,493</u>
NURSING INPATIENT SERVICES - ACUTE CARE	<u>6,256,238</u>	<u>5,941,295</u>
NURSING INPATIENT SERVICES - LONG TERM CARE	<u>2,600,080</u>	<u>2,472,339</u>
	<u>8,856,318</u>	<u>8,413,634</u>
AMBULATORY CARE SERVICES	<u>5,164,171</u>	<u>5,196,318</u>
DIAGNOSTIC AND THERAPEUTIC SERVICES		
Clinical laboratory	1,569,308	1,620,805
Diagnostic imaging	789,187	759,937
Other	1,605,305	1,764,653
	<u>3,963,800</u>	<u>4,145,395</u>
MEDICAL SERVICES	<u>7,523,405</u>	<u>7,473,304</u>
COMMUNITY AND SOCIAL SERVICES		
Addictions	56,387	76,625
Continuing care	1,482,955	1,478,986
Health promotion	1,993,072	2,020,902
Health protection	37,994	37,759
Mental health	288,119	239,295
Child, youth & family services	789,397	885,156
Family & rehab services	2,174,130	1,920,835
Community corrections	500	398
	<u>6,822,554</u>	<u>6,659,956</u>
RESEARCH	<u>60,107</u>	<u>-</u>
EDUCATION	<u>335,638</u>	<u>301,517</u>
TOTAL	<u>46,819,765</u>	<u>46,060,327</u>

SCHEDULE 2

GRENFELL REGIONAL HEALTH SERVICES BOARD
Revenue and Expenditures for Government Reporting
Year ended March 31, 2005

	<u>2005</u> \$	<u>2004</u> \$
REVENUE	47,509,165	45,278,766
EXPENDITURES		
Worked and benefit salaries and contributions	29,423,592	29,041,844
Benefit contributions (third party)	4,351,379	4,541,404
Total Compensation	33,774,971	33,583,248
Supplies - plant operation and maintenance	1,255,133	1,130,659
Supplies - drugs	1,178,327	1,245,928
Supplies - medical and surgical	879,037	861,337
Supplies - other	1,849,262	1,953,946
Total Supplies	5,161,759	5,191,870
Direct client costs - continuing care	1,008,813	1,049,264
Direct client costs - child, youth and family services	163,600	162,262
Direct client costs - family and rehab services	1,779,080	1,556,697
Direct client costs - community corrections	500	-
Total Direct Client Costs	2,951,993	2,768,223
Other shareable expenses	4,931,042	4,516,986
Total expenditures	46,819,765	46,060,327
Surplus (deficit) for government reporting	689,400	(781,561)
Non-shareable items		
Amortization of deferred capital contributions	1,118,664	1,210,604
Amortization of capital assets	(1,133,041)	(1,232,198)
Accrued vacation	118,312	(76,274)
Accrued severance	181,907	(471,169)
Other expense	(44,935)	(54,456)
Excess of revenue over expenditure (expenditures over revenues)	930,307	(1,405,054)

GRENFELL REGIONAL HEALTH SERVICES BOARD
Capital Transactions
Funding and Expenditures for Government Reporting
 Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
SOURCES OF FUNDS		
Provincial capital equipment grant in current year	352,420	350,000
Provincial facility capital grant in current year	134,800	278,600
Add: deferred capital grant from prior year	1,609,681	1,564,662
Less: deferred capital grant from current year	(1,612,490)	(1,609,681)
	484,411	583,581
Other contributions	156,139	266,171
TOTAL FUNDING	640,550	849,752
EXPENDITURES		
Building	-	41,956
Equipment	533,779	674,869
Repairs, maintenance and other	106,771	132,927
	640,550	849,752
SURPLUS (DEFICIT) ON CAPITAL PURCHASES	-	-

GRENFELL REGIONAL HEALTH SERVICES BOARD
Accumulated Operating Surplus (Deficit) for Government Reporting
 Year ended March 31, 2005

	Combined Funds		Operating Fund		Board Fund	
	2005	2004	2005	2004	2005	2004
	\$	\$	\$	\$	\$	\$
Current assets						
Cash	-	-	-	-	35,575	24,588
Segregated cash	599,998	175,041	100,967	100,917	499,031	74,124
Accounts receivable	915,480	1,108,440	916,454	1,062,430	-	46,010
Due from Operating (to Board)	-	-	(2,569,060)	(3,252,811)	2,569,060	3,252,811
Inventory	809,386	738,802	809,386	738,802	-	-
Prepaid expenses	883,242	986,379	822,101	926,332	61,141	60,047
Other	570,836	978,663	570,836	978,663	-	-
Total current assets	3,778,942	3,987,325	650,684	554,333	3,164,807	3,457,580
Current liabilities						
Bank indebtedness	2,457,440	1,625,955	2,493,015	1,650,543	-	-
Accounts payable and accrued liabilities	1,702,925	3,413,337	1,675,811	3,392,256	14,137	14,923
Other	-	-	-	-	13,950	6,158
Deferred grants						
Capital	1,612,490	1,609,681	1,341,061	1,337,032	271,429	272,649
Operating	1,012,174	793,603	768,471	513,954	243,703	279,649
National Child Benefit	119,751	93,303	119,751	93,303	-	-
Early Child Development	27,000	31,586	27,000	31,586	-	-
Early Learning Child Care	516	-	516	-	-	-
Total current liabilities	6,932,296	7,567,465	6,425,625	7,018,674	543,219	573,379
Accumulated operating surplus (deficit)	(3,153,354)	(3,580,140)	(5,774,941)	(6,464,341)	2,621,588	2,884,201

SCHEDULE 5

GRINFELL REGIONAL HEALTH SERVICES BOARD
Deferred Revenue for National Child Benefit, Early Childhood Education and
Early Learning and Child Care Initiatives
Year ended March 31, 2005

Initiative	Funding		Expenses			Deferred Revenue		
	Deferred From Prior Year	Allocated for Current Year	Total Available for year	Gross Expenses	Excess Expenses (Deficit)	Net Expenses	Deferred Funding at March 31, 2005	Deferred Funding at March 31, 2004
NCB								
Residential/Mental Health	90,006	78,264	168,270	92,397	-	92,397	75,873	90,006
ABA Therapy	-	66,941	66,941	26,572	-	26,572	40,369	-
Child Care Subsidy	939	2,200	3,139	1,253	-	1,253	1,886	939
Funding to Centres (Equipment)	2,358	1,601	3,959	2,336	-	2,336	1,623	2,358
Special Child Welfare Allowance	-	1,000	1,000	1,000	-	1,000	-	-
Total NCB	93,303	150,006	243,309	123,558	-	123,558	119,751	93,303
ECD								
Early Intervention	8,308	59,674	67,982	67,982	-	67,982	-	8,308
Child Care	16,717	65,326	82,043	61,604	-	61,604	20,439	16,717
Operations (Codes 43,53,83)	6,561	-	6,561	-	-	-	6,561	6,561
Total ECD	31,586	125,000	156,586	129,586	-	129,586	27,000	31,586
Child Care Subsidy	-	516	516	-	-	-	516	-
Total NCB, ECD and ELCC	124,889	275,522	400,411	253,144	-	253,144	147,267	124,889

SCHEDULE 6

GRENFELL REGIONAL HEALTH SERVICES BOARD
Cottage Complex and Apartment Complex
Schedule of Revenues and Expenditures
Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
REVENUES		
Cottage complex	144,794	148,796
Apartment complex	110,008	114,487
	<u>254,802</u>	<u>263,283</u>
EXPENDITURES		
Cottage complex	173,077	159,860
Apartment complex	110,008	114,487
	<u>283,085</u>	<u>274,347</u>
EXCESS OF EXPENDITURES OVER REVENUES	<u>(28,283)</u>	<u>(11,064)</u>

SCHEDULE 7

GRENFELL REGIONAL HEALTH SERVICES BOARD
Combined Funds
Schedule of Other Expense
Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
Cottage and apartment rentals (net) - Schedule 6	(28,283)	(11,064)
Housing rentals (net)	(24,992)	(47,747)
Contributions	111,000	146,000
Interest	6,060	15,128
Repairs, maintenance and other	(108,720)	(156,773)
	<u>(44,935)</u>	<u>(54,456)</u>



Financial Statements of

**GRENFELL REGIONAL HEALTH
SERVICES BOARD - OPERATING FUND**

March 31, 2005

Member of
Deloitte Touche Tohmatsu

Deloitte

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10 Factory Lane
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Auditors' Report

To the Directors of the
Grenfell Regional Health Services Board

We have audited the Operating Fund balance sheet of Grenfell Regional Health Services Board as at March 31, 2005 and the Operating Fund statements of revenues and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Operating Fund as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 3, 2005

Member of
Deloitte Touche Tohmatsu

GRENFELL REGIONAL HEALTH SERVICES BOARD

Operating Fund

Statement of Revenues and Expenditures

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	<u>\$</u>	<u>\$</u>
REVENUES		
Provincial plan		
Operating	33,236,410	32,879,732
National Child Benefit	341,958	381,738
Early Child Development	129,587	145,209
MCP physician revenue	7,082,608	6,646,472
Department of Transportation and Works	2,332,115	1,582,115
Inpatient	1,220,340	608,204
Outpatient	176,675	123,068
Long term care	761,212	725,835
Dental revenue	591,508	607,567
Drug recoveries	906,628	847,558
Medical	67,799	77,450
Ambulance	146,360	117,190
Miscellaneous	515,965	536,628
	<u>47,509,165</u>	<u>45,278,766</u>
EXPENDITURES		
Administration	3,909,336	4,154,710
Support services	10,184,436	9,715,493
Nursing inpatient services	8,856,318	8,413,634
Ambulatory care services	5,164,171	5,196,318
Diagnostic and therapeutic	3,963,800	4,145,395
Medical services	7,523,405	7,473,304
Community and social services	6,822,554	6,659,956
Research	60,107	-
Education	335,638	301,517
	<u>46,819,765</u>	<u>46,060,327</u>
SURPLUS (DEFICIT) BEFORE NON-SHAREABLE ITEMS	689,400	(781,561)
ADJUSTMENTS FOR NON-SHAREABLE ITEMS		
Amortization of deferred capital contributions	1,036,918	1,130,044
Amortization of capital assets	(1,041,861)	(1,136,219)
Accrued vacation	118,312	(76,274)
Accrued severance	181,907	(471,169)
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	<u>984,676</u>	<u>(1,335,179)</u>

GRENFELL REGIONAL HEALTH SERVICES BOARD

Operating Fund

Statement of Changes in Net Assets

Year ended March 31, 2005

	<u>2005</u>			<u>2004</u>
	Invested In Capital Assets	Unrestricted	Total	Total
	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	24,710	(13,450,951)	(13,426,241)	(12,091,062)
EXCESS OF REVENUES OVER EXPENDITURES (EXPENDITURES OVER REVENUES)	(4,943)	989,619	984,676	(1,335,179)
BALANCE, END OF YEAR	19,767	(12,461,332)	(12,441,565)	(13,426,241)

GRENFELL REGIONAL HEALTH SERVICES BOARD

Operating Fund

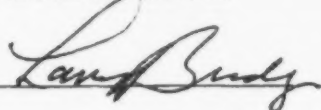
Balance Sheet

March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
ASSETS		
CURRENT		
Accounts receivable	916,454	1,062,430
Due from Province of Newfoundland and Labrador	570,836	978,663
Inventories (Note 3)	809,386	738,802
Prepaid expenses	822,101	926,332
	3,118,777	3,706,227
SEGREGATED CASH	100,967	100,917
CAPITAL ASSETS (Note 4)	6,669,499	7,177,563
	9,889,243	10,984,707
LIABILITIES AND DEFICIT		
CURRENT		
Bank indebtedness (Note 5)	2,493,015	1,650,543
Accounts payable and accrued liabilities	1,675,811	3,392,256
Due to Board Fund	2,569,060	3,252,811
Accrued vacation pay	2,168,502	2,286,814
Deferred grants (Note 6)		
Capital equipment	1,341,061	1,337,032
Operating	768,471	513,954
National Child Benefit	119,751	93,303
Early Learning Child Care	516	-
Early Child Development	27,000	31,586
	11,163,187	12,558,299
ACCUMULATED SEVERANCE PAY	4,517,889	4,699,796
DEFERRED CAPITAL CONTRIBUTIONS (Note 7)	6,649,732	7,152,853
	22,330,808	24,410,948
NET ASSETS (DEFICIENCY)		
Net assets invested in capital assets	19,767	24,710
Unrestricted net assets	(12,461,332)	(13,450,951)
	(12,441,565)	(13,426,241)
	9,889,243	10,984,707

Approved on Behalf of the Board:

Director



Director



GRENFELL REGIONAL HEALTH SERVICES BOARD**Operating Fund****Statement of Cash Flows****Year ended March 31, 2005**

	<u>2005</u>	<u>2004</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenues over expenditures (expenditures over revenue)	984,676	(1,335,179)
Adjustments for:		
Amortization of deferred capital contributions	(1,036,918)	(1,130,044)
Amortization of capital assets	1,041,861	1,136,219
Change in non-cash working capital	(1,650,134)	291,880
Increase (decrease) in accumulated severance pay	(181,907)	471,169
	<u>(842,422)</u>	<u>(565,955)</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(533,797)</u>	<u>(674,869)</u>
FINANCING ACTIVITIES		
Increase in bank indebtedness	842,472	567,711
Increase in deferred capital contributions	533,797	674,869
	<u>1,376,269</u>	<u>1,242,580</u>
NET DECREASE IN CASH	50	1,756
CASH, BEGINNING OF YEAR	<u>100,917</u>	<u>99,161</u>
CASH, END OF YEAR	<u>100,967</u>	<u>100,917</u>
COMPRISED OF:		
Segregated cash	<u>100,967</u>	<u>100,917</u>
SUPPLEMENTARY DISCLOSURE		
Interest paid	-	13,001

GRENFELL REGIONAL HEALTH SERVICES BOARD OPERATING FUND

Notes to the Financial Statements

March 31, 2005

1. DESCRIPTION OF BUSINESS

Grenfell Regional Health Services Board (the "Board") is a not-for-profit organization whose primary operations relate to the provision of health and community services and long term nursing care.

During the year, the Labrador-Grenfell Regional Integrated Health Authority (the "Authority") was created to assume the responsibility of governance for health services in that region of Newfoundland and Labrador. As at April 1, 2005, the Authority has assumed responsibility for the governance of several institutional and community Boards, which includes those operating under the former Health Labrador Corporation and Grenfell Regional Health Services Board.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Basis of accounting

The Board employs fund accounting, classifying financial statement items in either the Operating Fund or the Board Fund. These funds together comprise the Combined Funds.

The Operating Fund includes the primary operations and the operating assets and liabilities of the Board. Revenues (including grants and subsidies) and expenditures relate primarily to the provision of health and community services and long term nursing care.

Revenue and expenditure recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Inventories

Inventories consist of medical, surgical and general supplies, drugs, fuel oil and aircraft parts. Medical, surgical and general supplies and drugs are valued at the lower of cost, determined on an average cost basis, and net realizable value. Fuel oil and aircraft parts are valued at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

GRENFELL REGIONAL HEALTH SERVICES BOARD OPERATING FUND

Notes to the Financial Statements

March 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets

Capital assets are recorded at cost. The Charles S. Curtis Memorial Hospital and the John M. Gray Centre are not recorded as assets of the Board since the Board does not hold title to them.

Amortization is recorded in the financial statements using the following amortization policies:

Buildings - 5% declining balance method

Equipment and vehicles - 20% declining balance method

Severance pay

The liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continual service.

Pension and other post employment benefits

Employees of the Board are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Board. The annual contributions by the Board for pensions and other post employment benefits are recognized in the accounts on a current basis.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVENTORIES

	<u>2005</u>	<u>2004</u>
	\$	\$
Medical, surgical and general supplies	160,639	161,683
Drugs	235,495	274,283
Fuel oil	-	9,927
Aircraft parts	413,252	292,909
	<u>809,386</u>	<u>738,802</u>

GRENFELL REGIONAL HEALTH SERVICES BOARD OPERATING FUND

Notes to the Financial Statements

March 31, 2005

4. CAPITAL ASSETS

	2005		2004
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land and buildings	7,258,591	4,129,488	3,129,103
Equipment and vehicles	15,360,531	11,820,135	3,540,396
	<u>22,619,122</u>	<u>15,949,623</u>	<u>6,669,499</u>
			7,177,563

5. BANK INDEBTEDNESS

The Board has an unsecured operating line of credit of \$3,000,000, of which \$1,808,386 had been used as at March 31, 2005. The line of credit bears interest at the bank's prime lending rate.

6. DEFERRED GRANTS

Deferred grants represent funding received for specific use such as for capital equipment, operating activities, National Child Benefit, Early Child Development and Early Learning Child Care that have not been expended during the year.

7. DEFERRED CAPITAL CONTRIBUTIONS

Contributions received and restricted for the purchase of capital assets are deferred and amortized on the same basis as the corresponding asset.

The deferred capital contributions balance represents the unamortized portion of these restricted contributions.

	2005	2004
	\$	\$
Beginning balance	7,152,853	7,608,028
Add: Capital contributions	533,797	674,869
Less: Amounts amortized to revenue	<u>(1,036,918)</u>	<u>(1,130,044)</u>
Ending balance	<u>6,649,732</u>	<u>7,152,853</u>

GRENFELL REGIONAL HEALTH SERVICES BOARD OPERATING FUND

Notes to the Financial Statements

March 31, 2005

8. FINANCIAL INSTRUMENTS

The carrying amounts for the Board's financial instruments included in current assets and current liabilities approximate fair value due to the short-term maturity and normal credit terms of these instruments.

9. CONTRACTUAL AGREEMENTS

Leases

The Board, in the course of its operations, has entered into agreements for the lease of medical and office equipment and vehicles. Most arrangements are provided on a year to year basis. For those arrangements extending beyond one year, the following are the fixed lease obligations required in each of the next three years:

	\$
2006	139,000
2007	123,600
2008	11,000

Energy Performance Contract

The Board entered into an Energy Performance Contract on February 15, 2000 with Johnson Controls Ltd. for the design and implementation of measures to improve energy efficiency, wherein Johnson Controls Ltd. guaranteed the energy savings component.

The cost of the contract was \$1,660,616 and is to be repaid from energy and operating savings at \$15,250 per month over a period of 8.2 years plus lump sum amounts aggregating an additional \$166,116.

As of March 31, 2005 the balance of the expenditures financed through the Bank of Nova Scotia amount to \$698,121 (2004 - \$840,390). As support for the financing, Johnson Controls Ltd. has assigned to the bank any funds due to them by the Board for the energy savings component of the contract.

In the opinion of management of the Board, the guaranteed energy savings component by Johnson Controls Ltd. is an offset to any obligation of the Board under the assignment to the bank, and as a consequence neither the capital expenditures nor the bank loan obligation is reflected in the financial statements of the Board at March 31, 2005.

**GRENFELL REGIONAL HEALTH SERVICES BOARD
OPERATING FUND**

Notes to the Financial Statements

March 31, 2005

9. CONTRACTUAL AGREEMENTS (Continued)

Energy Performance Contract (Continued)

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments under the contract are being reported in the Board's operating statements as a normal operating cost.

Deloitte

Financial Statements of

**HEALTH CARE CORPORATION OF
ST. JOHN'S - OPERATING FUND**

March 31, 2005

Deloitte

Deloitte & Touche LLP
10 Factory Lane
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Auditors' Report

To the Board of Trustees of
Health Care Corporation of St. John's - Operating Fund

We have audited the statement of financial position of Health Care Corporation of St. John's - Operating Fund as at March 31, 2005 and the statements of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 30, 2005

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Statement of Operations

Year ended March 31, 2005

(in thousands of dollars)

	<u>2005</u> \$	<u>2004</u> \$
REVENUE		
Provincial plan	385,435	383,306
Other	58,039	56,380
	<u>443,474</u>	<u>439,686</u>
EXPENDITURES		
Administration and support	100,463	99,996
Interest on long term debt	9,465	9,577
Clinical programs		
Child/women's health	37,891	40,906
Medicine	33,195	33,685
Mental health	33,555	30,948
Perioperative	27,126	26,498
Surgery	23,710	23,846
Laboratory services	18,949	19,606
Diagnostic imaging	17,717	18,096
Cardiac/critical care	34,607	34,645
Ambulatory care	20,180	20,210
Rehabilitation/continuing care	18,253	18,499
Ferryland	156	156
Other	1,347	1,350
Medical services/education	50,013	46,805
Pharmacy and therapeutic services	9,919	10,004
Other	3,504	3,342
	<u>440,050</u>	<u>438,169</u>
EXCESS OF REVENUE OVER EXPENDITURES BEFORE UNDERNOTED ITEMS	<u>3,424</u>	<u>1,517</u>
Amortization of capital assets	18,252	16,763
Amortization of deferred capital contributions	(9,961)	(8,890)
Increase in severance pay accrual	1,078	3,426
	<u>9,369</u>	<u>11,299</u>
EXCESS OF EXPENDITURES OVER REVENUE	<u>(5,945)</u>	<u>(9,782)</u>

HEALTH CARE CORPORATION OF ST. JOHN'S
OPERATING FUND

Statement of Changes in Net Assets (Deficiency)

Year ended March 31, 2005

(in thousands of dollars)

	Invested in Capital Assets	Deficit	2005	2004
	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	31,790	(74,088)	(42,298)	(32,516)
Excess of expenditures over revenue	-	(5,945)	(5,945)	(9,782)
Amortization of capital assets	(18,252)	18,252	-	-
Amortization of deferred capital contributions	9,961	(9,961)	-	-
BALANCE, END OF YEAR	23,499	(71,742)	(48,243)	(42,298)

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

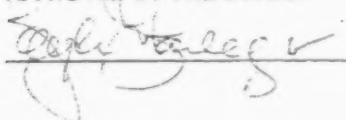
Statement of Financial Position

March 31, 2005

(in thousands of dollars)

	2005	2004
	\$	\$
ASSETS		
CURRENT		
Accounts receivable (Note 4)	22,865	18,700
Supplies inventory (Note 5)	4,658	4,907
Prepaid expenses	892	1,137
	28,415	24,744
CAPITAL ASSETS (Note 6)	242,693	245,613
CAPITAL CAMPAIGN FUNDS (Note 7)	5,813	10,841
GENERAL HOSPITAL HOSTEL ASSOCIATION LOANS (Note 8)	2,190	2,292
TRUST FUNDS (Note 9)	877	824
	279,988	284,314
LIABILITIES		
CURRENT		
Bank indebtedness (Note 10)	7,644	4,102
Accounts payables and accrued liabilities	45,745	41,366
Accrued vacation pay	15,310	14,872
Current portion of long-term debt (Note 11)	1,329	1,249
Current portion of obligations under capital leases (Note 12)	761	736
Current portion of accrued severance pay	1,800	1,818
Deferred revenue	4,919	3,754
	77,508	67,897
LONG-TERM DEBT (Note 11)	135,174	137,391
OBLIGATIONS UNDER CAPITAL LEASES (Note 12)	1,657	2,269
DEFERRED CAPITAL CONTRIBUTIONS	51,215	52,499
CAPITAL CAMPAIGN FUNDS (Note 7)	5,813	10,841
ACCRUED SEVERANCE PAY	55,987	54,891
	327,354	325,788
TRUST FUNDS	877	824
Contingencies and commitments (Notes 14 and 15)		
NET ASSETS (DEFICIENCY)		
Net assets invested in capital assets	23,499	31,790
Deficit	(71,742)	(74,088)
	(48,243)	(42,298)
	279,988	284,314

APPROVED BY THE BOARD:

 Trustee

 Trustee

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Statement of Cash Flows

Year ended March 31, 2005

(in thousands of dollars)

	<u>2005</u>	<u>2004</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of expenditures over revenue	(5,945)	(9,782)
Adjustments for:		
Amortization of capital assets	18,252	16,763
Amortization of deferred capital contributions	(9,961)	(8,890)
Increase in severance pay accrual	1,078	3,426
Change in non-cash operating working capital (Note 13)	2,311	5,186
	<u>5,735</u>	<u>6,703</u>
FINANCING ACTIVITIES		
Capital asset contributions	8,677	14,973
Increase (decrease) in bank borrowings	3,542	(2,724)
Proceeds from long-term debt	-	576
Repayment of long-term debt	(1,250)	(1,174)
Sinking fund payments	(887)	(851)
Repayment on General Hospital Hostel Association loan	101	131
Proceeds from obligations under capital leases	166	831
Repayment of obligations under capital leases	(752)	(827)
	<u>9,597</u>	<u>10,935</u>
INVESTING ACTIVITY		
Construction and purchase of capital assets	(15,332)	(17,638)
NET CHANGE IN CASH AND CASH EQUIVALENTS	-	-
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	16	16
CASH AND CASH EQUIVALENTS, END OF YEAR	16	16

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

1. NATURE OF OPERATIONS

The Health Care Corporation of St. John's (the "Corporation") was constituted by the Hospitals Act Constitution Order in 1995. The Corporation is a health care organization with unique regional and provincial responsibilities. In addition to the provision of comprehensive health care services, the Corporation also provides education and research in partnership with all stakeholders.

The Corporation is a registered charity and, while registered, is exempt from tax.

During the year the Eastern Regional Integrated Health Authority ("Eastern Health") was created to assume the responsibility of governance for health services in the Eastern Region of Newfoundland and Labrador. As of April 1, 2005, Eastern Health has assumed responsibility for the operations of several institutional and community Boards in the Eastern Region, which includes the Health Care Corporation of St. John's.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Corporation have been prepared within the framework of Canadian generally accepted accounting principles. The more significant accounting policies of the Corporation are as follows:

Basis of presentation

The Corporation applies fund accounting principles in recording its financial transactions in the Operating Fund.

The Operating Fund contains all the operating assets, liabilities, revenue and expenditures of the Corporation related to the provision of hospital services. The assets of the Operating Fund are available for the satisfaction of debts, contingent liabilities and commitments of the Corporation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Supplies inventory

Supplies inventory is valued at average cost, determined on a first-in first-out basis.

Capital assets

The Corporation has recorded all capital assets over which it has control, although title to certain of these assets rests with the Government of Newfoundland and Labrador. Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the estimated useful lives of the related assets at the following rates:

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (continued)

Buildings and renovations	2%
Equipment	15% - 20%
Equipment under capital leases	15%
Land improvements	10%

Construction in progress is not amortized until the project is substantially complete at which time the project costs are transferred to buildings and renovations and depreciated accordingly.

Minor equipment purchases are charged to operations in the year of acquisition.

Capital and operating leases

A lease that transfers substantially all of the benefits and risks associated with ownership of property is accounted for as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value. Assets acquired under capital leases are amortized on the same basis as other capital assets. All other leases are accounted for as operating leases and the payments are expensed as incurred.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as amortization expense related to the capital assets purchased. Capital contributions for capital assets that are not amortized are recorded as direct increases in net assets.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Corporation.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension costs

Employees of the Corporation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Corporation. The annual contributions for pensions are recognized in the accounts on a current basis.

Debenture discount and commission

The debenture discount and financing fees are amortized on a straight-line basis over the term of the debenture.

Sinking funds

Sinking funds established for the retirement of debentures are held and administered in trust by the Government of Newfoundland and Labrador.

Contributed services

Volunteers contribute approximately 53,000 hours per year to assist the Corporation in carrying out its service delivery activities. Due to the difficulty of determining fair value, contributed services are not recognized in the financial statements.

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

3. CONTROL OF NOT-FOR-PROFIT ENTITIES

The Corporation controls the Health Care Foundation of St. John's Inc., the Janeway Children's Hospital Foundation, and the Waterford Hospital Foundation Inc. These Foundations raise funds from the community for the capital equipment needs of the Corporation. The Foundations are incorporated under the Corporations Act of Newfoundland and Labrador and are registered charities under the Income Tax Act.

The Corporation also controls the General Hospital Hostel Association and the Northwest Rotary-Janeway Hostel Corporation. These Hostels were established to provide accommodations for family members of patients.

As of March 31, 2003, the Board of Directors approved a resolution that the assets, liabilities and net assets of the Board Fund (excluding those relating to the capital campaign) be transferred to the Operating Fund. The net assets of \$3,274,000 were transferred to the Operating Fund as a capital grant and included in deferred capital contributions.

On November 1, 2003, the Health Care Foundation of St. John's Inc. assumed the operations of the General Hospital Health Foundation, the St. Clare's Mercy Hospital Foundation and the Capital Campaign Fund. The Waterford Foundation Inc. continues to operate as a separate entity, but reports to the Board of Directors of the Health Care Foundation of St. John's Inc.

The Capital Campaign Fund consists of donations received from corporations and individuals, as well as foundations and auxiliaries, with matching funds by the Government of Newfoundland and Labrador. The funds will be used to purchase equipment for various hospital sites of the Corporation. This fund is reported as part of the Health Care Foundation of St. John's.

These not-for-profit entities have not been consolidated in the Corporation's financial statements, however separate financial statements are available on request. Financial summaries of these non-consolidated entities as at March 31, 2005 and 2004 and for the years then ended are as follows (in thousands of dollars):

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

3. CONTROL OF NOT-FOR-PROFIT ENTITIES (Continued)

	Foundations		Hostels	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	\$	\$	\$	\$
Financial position				
Total assets	14,751	16,880	8,970	9,346
Total liabilities	10,971	13,374	8,829	9,088
Total net assets	3,780	3,506	141	258
	14,751	16,880	8,970	9,346
Results of Operations				
Total revenues	12,325	13,378	1,537	1,649
Total expenditures	11,960	14,493	1,646	1,607
Excess of revenues over expenditures (expenditures over revenue)	365	(1,115)	(109)	42
Cash Flows				
Cash from operations	2,971	(3,707)	150	(208)
Cash used in financing and investing activities	90	(303)	(150)	(188)
Increase (decrease) in cash	3,061	(4,010)	-	(396)

4. ACCOUNTS RECEIVABLE

	<u>2005</u>	<u>2004</u>
	\$	\$
Government of Newfoundland and Labrador		
Operating	3,081	1,261
Capital	-	500
	3,081	1,761
Services to patients	5,714	4,208
Newfoundland Cancer Treatment & Research Foundation	6,738	4,501
Foundations and Hostels (Note 16)	5,647	2,988
Other	1,685	5,242
	22,865	18,700

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

5. SUPPLIES INVENTORY

	<u>2005</u>	<u>2004</u>
	\$	\$
Medical and surgical supplies	1,425	1,515
Drugs	1,909	2,114
Other	1,324	1,278
	<u>4,658</u>	<u>4,907</u>

6. CAPITAL ASSETS

	<u>2005</u>		<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	\$	\$	\$
Land and land improvements	1,714	313	1,401
Buildings and renovations	274,245	80,829	193,416
Equipment	190,429	151,017	39,412
Equipment under capital leases	16,343	13,605	2,738
Construction in progress	5,726	-	5,726
	<u>488,457</u>	<u>245,764</u>	<u>242,693</u>
			<u>245,613</u>

7. CAPITAL CAMPAIGN FUNDS

The Government of Newfoundland and Labrador will provide funding to the Capital Campaign Fund by matching the donations earned by the Campaign.

Since the inception of the Capital Campaign, the Government of Newfoundland and Labrador advanced the Operating Fund \$25,000,000. These funds will be repaid to the Capital Campaign Fund by the Operating Fund as matching funds are earned.

During 2005, the Capital Campaign earned \$5,028,121 (2004 - \$4,712,793) in matching funds and these amounts were repaid to the Capital Campaign Fund by the Operating Fund.

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

8. GENERAL HOSPITAL HOSTEL ASSOCIATION LOAN

This loan is repayable to the Corporation in monthly installments of principal and interest of \$12,647, at an interest rate of prime minus 1.75%. The loan matures March 2023. The loan is net of the current portion of \$106,890.

9. TRUST FUNDS

Funds belonging to the patients of the Corporation are being held in trust for the benefit of the patients.

10. BANK INDEBTEDNESS

The Corporation has an unsecured operating line of credit of \$15,000,000, of which \$7,660,000 had been used as of March 31, 2005. Of this amount, approximately \$7,644,000 was used to fund capital projects of the Corporation. The line of credit bears interest at the bank's prime lending rate less 1%.

As of April 1, 2005, the line of credit was increased to \$20,000,000.

11. LONG-TERM DEBT

	<u>2005</u>	<u>2004</u>
	\$	\$
Sinking Fund Debenture, Series HCC1, 6.9%, to mature June 15, 2040, interest payable semi-annually on June 15 and December 15.	130,000	130,000
Royal Bank of Canada (Central Kitchen), 6.06% loan for 15 year term maturing May 2014, payable in monthly installments of principal and interest of \$101,670.	8,564	9,242
Royal Bank of Canada (Centre for Nursing Studies), 6.66% loan for 7 year term maturing December 2006, payable in monthly installments of principal and interest of \$44,847.	886	1,348
Royal Bank of Canada (Veterans Pavilion), 5.03% loan for 5 year term maturing April 2008, payable in monthly installments of principal and interest of \$10,877.	363	472
	<u>139,813</u>	<u>141,062</u>
Less: current portion	<u>1,329</u>	<u>1,249</u>
	<u>138,484</u>	<u>139,813</u>
Less: sinking funds available	<u>3,310</u>	<u>2,422</u>
	<u>135,174</u>	<u>137,391</u>

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

11. LONG-TERM DEBT (Continued)

A sinking fund was established for the retirement of the debenture and is to be held in trust by the Government of Newfoundland and Labrador. The annual principal payment to the sinking fund is \$747,500.

The interest and mandatory sinking fund payments of the debenture are guaranteed by the Government of Newfoundland and Labrador.

Principal repayments on the loans in each of the next five years are as follows:

	\$
2006	1,329
2007	1,279
2008	940
2009	864
2010	918

12. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation has acquired medical and surgical equipment under the terms of capital leases. Payments under the leases, scheduled to expire at various dates to March 31, 2009, are as follows:

Fiscal year ended	\$
2006	831
2007	815
2008	558
2009	368
	2,572
Less: amount representing interest (ranging from 0.0% to 9.0%)	154
	2,418
Less: current portion	761
	1,657

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

13. SUPPLEMENTAL CASH FLOW INFORMATION

	\$	\$
Change in non-cash operating working capital		
Accounts receivable	(4,165)	4,055
Supplies inventory	249	(733)
Prepaid expenses	245	(666)
Accounts payable and accrued liabilities	4,379	1,350
Accrued vacation pay	438	1,836
Deferred revenue	1,165	(656)
	<u>2,311</u>	<u>5,186</u>
Interest paid	<u>9,679</u>	<u>9,776</u>

Cash and cash equivalents/bank indebtedness consists of:

	<u>2005</u>	<u>2004</u>
	\$	\$
Operating line of credit	(7,660)	(4,118)
Bank accounts and cash	16	16
	<u>(7,644)</u>	<u>(4,102)</u>

14. CONTINGENCIES

Guarantees

The Corporation has guaranteed a first mortgage of the General Hospital Hostel Association (the Association) held by the Newfoundland and Labrador Housing Corporation. The balance of the mortgage outstanding at March 31, 2005 was \$1,690,000 (2004 - \$1,765,000).

The Corporation has guaranteed an additional term loan of the Association held by the Royal Bank of Canada. The balance of the loan outstanding at March 31, 2005 was \$ 977,000 (2004 - \$1,012,000).

Management believes the Corporation will not be called upon to honour these guarantees.

Other

A number of claims have been filed against the Corporation. No provision has been recorded in the accounts for these claims as the Corporation is not expected to incur any significant liability, and an estimate of loss, if any, is not determinable at this time.

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

15. COMMITMENTS

Operating leases

Under the terms of several long-term operating leases related to hospital and office equipment, the Corporation is committed to make the approximate annual lease payments to March 31, 2010 as follows:

	\$
2006	1,256
2007	1,215
2008	683
2009	32
2010	5
	3,191

Energy Performance Contract

The Corporation entered into an Energy Performance Contract with Honeywell Ltd. for the design and implementation of measures to improve energy efficiency, wherein Honeywell Ltd. guaranteed the energy savings component.

The final contract amount was \$10,515,625 and is to be repaid from operating and energy savings over a seven year period to September, 2007, at the rate of \$161,810 per month, including principal and interest.

As of March 31, 2005 the balance of the expenditures financed through the Bank of Nova Scotia amounted to \$4,408,377. As support for the financing, Honeywell Ltd. has assigned to the bank any funds due to them by the Corporation for the energy savings component of the contract.

In the opinion of management of the Corporation, the guaranteed energy savings component by Honeywell Ltd. is an offset to any obligation of the Corporation under the assignment to the bank, and as a consequence neither the capital expenditures or the bank loan obligation is reflected in the financial statements of the Corporation at March 31, 2005.

HEALTH CARE CORPORATION OF ST. JOHN'S OPERATING FUND

Notes to Financial Statements

March 31, 2005

16. RELATED PARTY TRANSACTIONS

Contributions to the Corporation during the year are as follows:

	<u>2005</u>	<u>2004</u>
	\$	\$
Health Care Foundation of St. John's Inc.	6,524	8,670
Janeway Children's Hospital Foundation	380	478
General Hospital Hostel Association	361	361
Waterford Foundation Inc.	3	3
	<u>7,268</u>	<u>9,512</u>

At year end, the amounts receivable from related parties are as follows:

	<u>2005</u>	<u>2004</u>
	\$	\$
Health Care Foundation of St. John's Inc.	4,388	1,656
Janeway Children's Hospital Foundation	326	495
Waterford Foundation Inc.	68	56
General Hospital Hostel Association	120	169
Northwest Rotary - Janeway Hostel Corporation	745	612
	<u>5,647</u>	<u>2,988</u>

Other

Various volunteer and auxiliary associations/organizations solicit donations, operate gift shops and hostels and undertake fund raising activities to provide operating and capital donations to further the objectives of the Corporation.

Transactions between these related parties are measured at their exchange value.

17. FINANCIAL INSTRUMENTS

The carrying value of the Corporation's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturing of these instruments.

Long-term debt and obligations under capital leases reflect fair value based on current borrowing rates available to the Corporation.

Health Care Foundation of St. John's Inc.

Financial Statements

March 31, 2004

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of Directors
Heath Care Foundation of St. John's Inc.

We have audited the statement of financial position of the **Health Care Foundation of St. John's Inc.** at March 31, 2004 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of the revenue was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of expenditure over revenue, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation at March 31, 2004 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 16, 2004

Grant Thornton LLP
Chartered Accountants

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Health Care Foundation of St. John's Inc.

Statement of Operations

Year Ended March 31, 2004

2004

(Note 12)

2003

	Operating Fund	Capital Fund	Total	Total
Revenue				
Donations	\$ 205,102	\$ 1,912,251	\$ 2,117,353	\$ 774,266
Janeway Childrens' Hospital Foundation	-	450,000	450,000	450,000
Interest	34,619	431,768	466,387	222,478
Major gifts	225,267	-	225,267	-
Gala	161,371	-	161,371	94,822
Lotteries	155,018	-	155,018	56,975
Golf tournament	99,452	-	99,452	-
In memoriams and bequests	51,550	-	51,550	12,273
Tree of memories	25,945	-	25,945	15,936
Bingo	23,750	-	23,750	18,600
	<u>982,074</u>	<u>2,794,019</u>	<u>3,776,093</u>	<u>1,645,350</u>
Expenditure				
Consulting and professional fees	26,979	12,470	39,449	46,706
Gala	57,465	-	57,465	46,019
Golf tournament	22,626	-	22,626	21,500
Lottery prizes	70,920	-	70,920	28,938
Office and administration	40,023	5,824	45,847	63,432
Postage	14,116	-	14,116	9,458
Printing	908	1,043	1,951	10,540
Public relations and communications	25,668	53,923	79,591	38,224
Salaries and benefits	162,467	154,304	316,771	107,600
Travel and staff development	6,745	5,289	12,034	652
Tree of memories	3,071	-	3,071	2,720
	<u>430,988</u>	<u>232,853</u>	<u>663,841</u>	<u>375,789</u>
Excess of revenue over expenditure before undemoted	551,086	2,561,166	3,112,252	1,269,561
Transfer to Capital Fund	(438,291)	438,291	-	-
Government matching - 1:1	-	888,291	888,291	450,000
Government matching - 2:1	-	3,824,502	3,824,502	1,275,897
	<u>(438,291)</u>	<u>5,151,084</u>	<u>4,712,793</u>	<u>1,725,897</u>
Excess of revenue over expenditure	112,795	7,712,250	7,825,045	2,995,458
Contributions to Health Care Corporation of St. John's				
Capital expenditures	89,623	8,980,447	9,070,070	3,927,857
Scholarships and grants	56,837	-	56,837	10,000
	<u>146,460</u>	<u>8,980,447</u>	<u>9,126,907</u>	<u>3,937,857</u>
Excess of expenditure over revenue	\$ (33,665)	\$ (1,268,197)	\$ (1,301,862)	\$ (942,399)

Commitments (Note 9)

See accompanying notes to the financial statements.

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Health Care Foundation of St. John's Inc.**Statement of Changes in Net Assets**

(Note 12)

Year Ended March 31, 2004

2004

2003

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ 818,640	\$ 1,848,673	\$ 2,667,313	\$ 3,609,712
Excess of expenditure over revenue	<u>(33,665)</u>	<u>(1,268,197)</u>	<u>(1,301,862)</u>	<u>(942,399)</u>
Net assets, end of year	<u>\$ 784,975</u>	<u>\$ 580,476</u>	<u>\$ 1,365,451</u>	<u>\$ 2,667,313</u>

See accompanying notes to the financial statements.

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Health Care Foundation of St. John's Inc. **Statement of Financial Position**

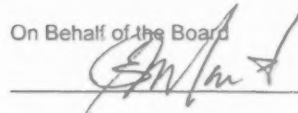
March 31

2004

(Note 12)
2003

	Operating Fund	Capital Fund	Total	Total
Assets				
Current				
Cash and cash equivalents	\$ 751,092	\$ 2,303,948	\$ 3,055,040	\$ 6,981,118
Receivables	435	-	435	-
Investments (Note 4)	10,334	-	10,334	239,927
	761,861	2,303,948	3,065,809	7,221,045
Receivable from Health Care Corporation of St. John's (Note 5)	23,139	10,840,784	10,863,923	12,753,578
Trust fund (Note 6)	123,075	-	123,075	22,624
Donated works of art	5,750	-	5,750	5,750
	<u>\$ 913,825</u>	<u>\$13,144,732</u>	<u>\$14,058,557</u>	<u>\$20,002,997</u>
Liabilities				
Current				
Payables and accruals Due to Health Care Corporation of St. John's	\$ 2,446		\$ 2,446	\$ 4,411
Accrued vacation pay	-	\$ 1,674,468	1,674,468	4,531,169
Accrued severance pay	3,329	4,864	8,193	11,402
	-	44,140	44,140	12,500
	5,775	1,723,472	1,729,247	4,559,482
Deferred contributions	-	10,840,784	10,840,784	12,753,578
Trust fund (Note 6)	123,075	-	123,075	22,624
	<u>128,850</u>	<u>12,564,256</u>	<u>12,693,106</u>	<u>17,335,684</u>
Net Assets				
Restricted net assets (Note 7)	500,000	580,476	1,080,476	2,348,673
Unrestricted net assets	284,975	-	284,975	318,640
	<u>784,975</u>	<u>580,476</u>	<u>1,365,451</u>	<u>2,667,313</u>
	<u>\$ 913,825</u>	<u>\$13,144,732</u>	<u>\$14,058,557</u>	<u>\$20,002,997</u>

On Behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Grant Thornton

Health Care Foundation of St. John's Inc. **Statement of Cash Flows**

Year Ended March 31

2004

(Note 12)

2003

	Operating Fund	Capital Fund	Total	Total
Increase (decrease) in cash and cash equivalents				
Operating Activities				
Excess of expenditure over revenue	\$ (33,665)	\$ (1,268,197)	\$ (1,301,862)	\$ (942,399)
Increase (decrease) in Severance pay accrual	-	31,640	31,640	(4,373)
	(33,665)	(1,236,557)	(1,270,222)	(946,772)
Change in non-cash operating working capital (Note 8)	(754,317)	(2,107,993)	(2,862,310)	3,348,218
	(787,982)	(3,344,550)	(4,132,532)	2,401,446
Financing Activities				
Decrease in deferred contributions	-	(1,912,794)	(1,912,794)	(1,725,897)
	-	(1,912,794)	(1,912,794)	(1,725,897)
Investing Activities				
Advances from (to) Health Care Corporation of St. John's	(23,139)	1,912,794	1,889,655	1,725,897
Purchase of investments	(1,048,702)	-	(1,048,702)	259,632
Proceeds on sale of investments	1,278,295	-	1,278,295	-
	206,454	1,912,794	2,119,248	1,985,529
Net (decrease) increase in cash and cash equivalents	(581,528)	(3,344,550)	(3,926,078)	2,661,078
Cash and cash equivalents				
Beginning of year	1,332,620	5,648,498	6,981,118	4,320,040
End of year	\$ 751,092	\$ 2,303,948	\$ 3,055,040	\$ 6,981,118

See accompanying notes to the financial statements.

Grant Thornton

Health Care Foundation of St. John's Inc.

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

On November 1, 2002, the General Hospital Health Foundation, the St. Clare's Mercy Hospital Foundation and the Capital Campaign Fund amalgamated to form the Health Care Foundation of St. John's Inc. ("Foundation").

The Operating Fund raises funds to help support General Hospital - Health Sciences Centre, St. Clare's Mercy Hospital and the Dr. L. A. Miller Centre.

The Capital Fund consists of donations received from corporations and individuals, as well as foundations and auxiliaries, with matching funds provided by the Government of Newfoundland and Labrador. This Fund was established to assist with the purchase of equipment for various hospital sites of the Health Care Corporation of St. John's.

The Foundation is a registered charity and, while registered, is exempt from income tax and may issue tax-deductible receipts.

2. Summary of significant accounting policies

The financial statements of the Foundation have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Foundation are as follows:

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

Revenue recognition

Revenue from donations and bequests is recognized as revenue in the year in which it is received. Investment income is recognized on the accrual basis.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts.

Investments

Investments are recorded at cost plus accrued interest. Gains or losses on disposals of investments are reflected in the accounts in the year of disposal.

Donated property and equipment

The Foundation records donated property and equipment at fair value.

Grant Thornton 

Health Care Foundation of St. John's Inc. Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (cont'd.)

Deferred contributions

Contributions received from the Government of Newfoundland and Labrador are deferred, and recognized as revenue when matching funds are received from corporations, individuals, foundations, and auxiliaries.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for an employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

3. Control of not-for-profit entity

The Foundation controls the Waterford Foundation Inc. The Waterford Foundation Inc. is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador.

The Waterford Foundation Inc. continues to operate as a separate entity, but reports to the Board of Directors of the Health Care Foundation of St. John's Inc.

The Waterford Foundation Inc. has not been consolidated in the Foundation's financial statements, however separate financial statements are available on request. A financial summary of this non-consolidated entity as at March 31, 2004 and 2003 and for the years then ended is as follows:

	2004	2003
Financial Position		
Total assets	<u>\$ 1,246,964</u>	<u>\$ 934,691</u>
 Total liabilities	 170,920	 130,580
Total net assets	<u>1,076,044</u>	<u>804,111</u>
	<u>\$ 1,246,964</u>	<u>\$ 934,691</u>
 Results of Operations		
Total revenue	\$ 1,995,024	\$ 1,787,840
Total expenditure	<u>1,723,091</u>	<u>1,602,531</u>
Excess of revenue over expenditure	<u>\$ 271,933</u>	<u>\$ 185,309</u>
 Cash Flows		
Cash from operations	\$ 339,934	\$ 254,359
Cash used in financing and investing activities	<u>(56,393)</u>	<u>(30,891)</u>
Increase in cash	<u>\$ 283,541</u>	<u>\$ 223,468</u>

Grant Thornton 

Health Care Foundation of St. John's Inc. **Notes to the Financial Statements**

March 31, 2004

4. Investments	2004	(Note 12) 2003
Province of Ontario, stripped coupon, due June 2, 2003 at \$231,000, to yield 4.78%.		\$ 229,780
Guaranteed investment certificate, maturing May 19, 2004, interest at 2.25%	\$ 10,334	10,147
	<u>\$ 10,334</u>	<u>\$ 239,927</u>

5. Health Care Corporation of St. John's

Since the inception of the Capital Campaign, the Government of Newfoundland and Labrador has advanced the Operating Fund of the Health Care Corporation of St. John's \$25,000,000 (2003 - \$ 22,200,000). These funds are repaid to the Capital Fund of the Foundation by the Health Care Corporation of St. John's as matching funds are earned.

During the year ended March 31, 2004, the Capital Fund earned \$4,712,793 (2003 - \$1,725,897) in matching funds.

6. Trust fund

The trust fund represents in-memoriam donations received for special purposes, and this fund is invested and will be disbursed for special projects.

7. Restricted net assets - Operating Fund

During 2001, the St. Clare's Mercy Hospital Foundation restricted \$500,000 of its net assets for the purchase of a MRI unit for St. Clare's Mercy Hospital. This amount remains restricted as of March 31, 2004.

8. Supplemental cash flow information	2004		(Note 12) 2003
	Operating Fund	Capital Fund	Total
Change in non-cash operating working capital			
Receivables	\$ (435)		\$ (435)
Payables and accruals	(715)	\$ (1,250)	(1,965) \$ 2,043
Payable to Health Care Corporation of St. John's	(753,496)	(2,103,205)	(2,856,701) 3,361,036
Accrued vacation pay	329	(3,538)	(3,209) 6,325
Deferred revenue	-	-	- (21,186)
	<u>\$ (754,317)</u>	<u>\$ (2,107,993)</u>	<u>\$ (2,862,310)</u> <u>\$ 3,348,218</u>

Grant Thornton

Health Care Foundation of St. John's Inc.

Notes to the Financial Statements

March 31, 2004

9. Commitments

Commitments include \$33,100 committed by the General Hospital Health Foundation for the General Hospital Health Sciences Centre for education, research and scholarship purposes; and \$674,200 committed by the St. Clare's Mercy Hospital Foundation relating to specific projects. These commitments were not concluded in the current year, but will be disbursed in future fiscal years by the Foundation.

10. Related party transactions

The Foundation operates for the purpose of accumulating funds to help support the various sites of the Health Care Corporation of St. John's. Transactions between these related parties are measured at their exchange value.

11. Financial instruments

The carrying value of the primary financial instruments of the Foundation approximate fair value due to the normal trade credit terms and conditions of these instruments.

12. Comparative figures

Comparative figures are for the five months ended March 31, 2003.

Certain of the 2003 comparative figures have been reclassified to conform with financial statement presentation adopted for the current year.

HEALTH LABRADOR CORPORATION
AUDITORS' REPORT
FINANCIAL STATEMENTS - MARCH 31, 2005

AUDITORS' REPORT

To the Board of Directors of **Health Labrador Corporation**

We have audited the consolidated balance sheet of **Health Labrador Corporation** as at March 31, 2005 and the consolidated statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Happy Valley-Goose Bay, NL

August 31, 2005

HEALTH LABRADOR CORPORATION

Consolidated

Balance Sheet

March 31, 2005

2005

2004

Assets

Current assets:

Cash	\$ 2,623,706	2,574,091
Restricted cash (Note 3)	1,296,857	1,609,871
Receivables, less doubtful of \$887,370 (2004 - \$683,094)	3,516,754	2,114,180
Inventories	731,873	702,230
Prepaid expenses	712,583	169,879
Total current assets	8,881,773	7,170,251

Residents' Trust Funds held on deposit

103,797 93,068

Capital assets (Note 4)

10,270,405 11,261,011

\$ 19,255,975 18,524,330

Liabilities

Current liabilities:

Bank indebtedness (Note 5)	\$ 12,344,212	10,710,000
Payables	4,663,221	4,205,195
Accrued liabilities	1,850	3,698
Accrued vacation pay	2,309,256	2,104,416
Other accrued benefits	998,758	1,080,792
Deferred contributions - operating	1,259,957	223,105
- National Child Benefit (NCB) initiatives	341,283	258,593
- capital	1,594,212	1,588,824
- special purpose funds	698,410	923,971
Current portion of accrued severance pay - estimated	188,142	150,679
Current portion of long-term debt (Note 6)	12,718	11,536
Total current liabilities	24,412,019	21,260,809

Residents' Trust Funds payable

103,797 93,068

Accrued severance pay, less estimated current portion
of \$188,142 (2004 - \$150,679)

3,198,740 3,249,436

Long-term debt (Note 6)

1,241,311 1,254,029

Deferred contributions related to capital assets (Note 7)

7,738,436 8,645,201

36,694,303 34,502,543

Net assets, per accompanying statement:

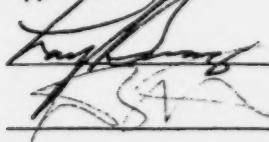
Net assets invested in capital assets	1,277,940	1,350,244
Net assets restricted for endowment purposes	215,917	215,917
Net assets internally restricted for Board purposes	(637,163)	(386,681)
Unrestricted net assets	<u>(18,295,022)</u>	<u>(17,157,693)</u>
	<u>(17,438,328)</u>	<u>(15,978,213)</u>

Contingencies (Note 12)

\$ 19,255,975 18,524,330

See accompanying notes

Approved:



Director

Director

HEALTH LABRADOR CORPORATION

Consolidated

Statement of Changes in Net Assets

Year ended March 31, 2005

	2005				2004
	Invested in Capital Assets	Restricted for Endowment Purposes	Restricted for Board Purposes	Unrestricted Operating	Total
Balance, beginning	\$ 1,350,244	215,917	(386,681)	(17,157,693)	(13,627,430)
Deficiency of revenue over expenditure	(188,182)	-	(250,482)	(1,021,451)	(2,350,783)
Investment in capital assets (Note 8)	115,878	-	-	(115,878)	-
Balance, ending	<u>\$ 1,277,940</u>	<u>215,917</u>	<u>(637,163)</u>	<u>(18,295,022)</u>	<u>(15,978,213)</u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Consolidated

Statement of Operations

Year ended March 31, 2005

2005

2004

Revenue:

Provincial plan - operating	\$ 40,447,127	40,174,053
National Child Benefit	637,231	936,089
MCP physicians	5,408,506	4,693,631
Child Youth and Family Services Agreement	5,358,579	3,290,189
Inpatient	568,383	426,197
Outpatient	565,530	548,690
Long-term care	540,846	525,440
Other (Note 9)	<u>3,114,465</u>	<u>2,907,494</u>
	<u>56,640,667</u>	<u>53,501,783</u>

Expenditure:

Administration	5,865,314	5,637,672
Support services	7,525,921	7,497,972
Nursing inpatient services	8,153,066	8,279,427
Ambulatory care services	6,781,335	6,772,643
Diagnostic and therapeutic services	4,972,739	5,264,347
Community and social services	16,744,344	14,113,845
Medical services	5,982,004	5,671,222
Education	714,476	643,704
Board	312,142	303,292
Undistributed	<u>888,439</u>	<u>792,257</u>
	<u>57,939,780</u>	<u>54,976,381</u>

Deficit prior to other operations (1,299,113) (1,474,598)

Air ambulance services - net (Note 10) 218,786 (64,444)

Deficit after other operations (1,080,327) (1,539,042)

Non-shareable items:

Amortization	1,423,081	1,625,160
Accrued vacation pay - increase	204,839	356,616
Accrued severance pay - increase	(13,233)	251,177
Amortization of deferred capital grants	<u>(1,234,899)</u>	<u>(1,421,212)</u>

379,788 811,741

Deficiency of revenue over expenditure (Note 12) \$(1,460,115) (2,350,783)

See accompanying notes

HEALTH LABRADOR CORPORATION

Consolidated

Statement of Cash Flow

Year ended March 31, 2005

2005

2004

Cash flows:

Operations:

Deficiency of revenue over expenditure	\$(1,460,115)	(2,350,783)
Amortization	1,423,081	1,625,160
Loss on disposal of capital assets	-	298,769
Amortization of deferred capital grants	(1,234,899)	(1,421,212)
Unamortized contributions on assets disposed	-	(299,269)
	(1,271,933)	(2,147,335)

Changes in:

Receivables	(1,402,574)	982,398
Inventories	(29,643)	(44,198)
Prepaid expenses	(542,704)	18,479
Payables and accruals	374,145	350,375
Accrued vacation pay	204,839	356,616
Deferred contributions - operating and NCB initiatives	1,119,542	(21,691)
Accrued severance pay	(13,233)	251,177
	(1,561,561)	(254,179)

Investing:

Additions to capital assets	(432,475)	(814,846)
Proceeds from disposal of capital assets	-	500
	(432,475)	(814,346)

Financing:

Deferred contributions - capital	5,388	1,095,624
- special purpose funds	(225,561)	264,418
Repayment of long-term debt	(11,536)	(10,463)
Deferred contributions related to capital assets purchased	328,134	586,449
	96,425	1,936,028

Net increase (decrease) in cash and cash equivalents (1,897,611) 867,503

Cash and cash equivalents:

Beginning	(6,526,038)	(7,393,541)
Ending	\$(8,423,649)	(6,526,038)

Represented by:

Cash	\$ 2,623,706	2,574,091
Restricted cash (Note 3)	1,296,857	1,609,871
Bank indebtedness (Note 5)	(12,344,212)	(10,710,000)
	\$(8,423,649)	(6,526,038)

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Balance Sheet

March 31, 2005

2005

2004

Assets

Current assets:

Cash	\$ 2,623,706	2,574,091
Restricted cash (Note 3)	1,080,940	1,393,954
Receivables, less doubtful of \$887,370 (2004 - \$683,094)	3,516,754	2,114,180
Inventories	731,873	702,230
Prepaid expenses	712,583	169,879

Total current assets 8,665,856 6,954,334

Due from Board Fund 637,163 386,681

Residents' Trust Funds held on deposit 103,797 93,068

Capital assets (Note 4) 10,270,405 11,261,011

\$ 19,677,221 18,695,094

Liabilities

Current liabilities:

Bank indebtedness (Note 5)	\$ 12,344,212	10,710,000
Payables	4,663,221	4,205,195
Accrued liabilities	1,850	3,698
Accrued vacation pay	2,309,256	2,104,416
Other accrued benefits	998,758	1,080,792
Deferred contributions - operating	1,259,957	223,105
- National Child Benefit (NCB) initiatives	341,283	258,593
- capital	1,594,212	1,588,824
- special purpose funds	698,410	923,971
Current portion of accrued severance pay - estimated	188,142	150,679
Current portion of long-term debt (Note 6)	12,718	11,536

Total current liabilities 24,412,019 21,260,809

Residents' Trust Funds payable 103,797 93,068

Accrued severance pay, less estimated current portion of \$188,142 (2004 - \$150,679) 3,198,740 3,249,436

Long-term debt (Note 6) 1,241,311 1,254,029

Deferred contributions related to capital assets (Note 7) 7,738,436 8,645,201

36,694,303 34,502,543

Net assets, per accompanying statement

Net assets invested in capital assets 1,277,940 1,350,244

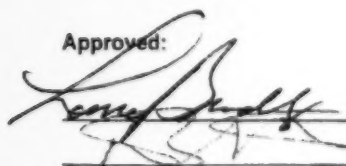
Unrestricted net assets (18,295,022) (17,157,693)

(17,017,082) (15,807,449)

\$ 19,677,221 18,695,094

See accompanying notes

Approved:

 Director
 Director

HEALTH LABRADOR CORPORATION

Operating Fund

Statement of Changes in Net Assets

Year ended March 31, 2005

	2005			2004
	Invested in Capital Assets	Unrestricted Operating	Total	Total
Balance, beginning	\$ 1,350,244	(17,157,693)	(15,807,449)	(13,694,845)
Deficiency of revenue over expenditure	(188,182)	(1,021,451)	(1,209,633)	(2,112,604)
Investment in capital assets (Note 8)	115,878	(115,878)	-	-
Balance, ending	<u>\$ 1,277,940</u>	<u>(18,295,022)</u>	<u>(17,017,082)</u>	<u>(15,807,449)</u>

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Statement of Operations

Year ended March 31, 2005

2005

2004

Revenue:

Provincial plan - operating	\$ 40,447,127	40,174,053
National Child Benefit	637,231	936,089
MCP physicians	5,408,506	4,693,631
Child Youth and Family Services Agreement	5,358,579	3,290,189
Inpatient	568,383	426,197
Outpatient	565,530	548,690
Long-term care	540,846	525,440
Other (Note 9)	<u>3,052,805</u>	<u>2,842,381</u>
	<u>56,579,007</u>	<u>53,436,670</u>

Expenditure:

Administration	5,865,314	5,637,672
Support services	7,525,921	7,497,972
Nursing inpatient services	8,153,066	8,279,427
Ambulatory care services	6,781,335	6,772,643
Diagnostic and therapeutic services	4,972,739	5,264,347
Community and social services	16,744,344	14,113,845
Medical services	5,982,004	5,671,222
Education	714,476	643,704
Undistributed	<u>888,439</u>	<u>792,257</u>
	<u>57,627,638</u>	<u>54,673,089</u>

Deficit prior to other operations (1,048,631) (1,236,419)

Air ambulance services - net (Note 10) 218,786 (64,444)

Deficit after other operations (829,845) (1,300,863)

Non-shareable items:

Amortization	1,423,081	1,625,160
Accrued vacation pay - increase	204,839	356,616
Accrued severance pay - increase	(13,233)	251,177
Amortization of deferred capital grants	<u>(1,234,899)</u>	<u>(1,421,212)</u>
	<u>379,788</u>	<u>811,741</u>

Deficiency of revenue over expenditure \$ (1,209,633) (2,112,604)

See accompanying notes

HEALTH LABRADOR CORPORATION

Operating Fund

Statement of Cash Flow

Year ended March 31, 2005

2005

2004

Cash flows:

Operations:

Deficiency of revenue over expenditure	\$(1,209,633)	(2,112,604)
Amortization	1,423,081	1,625,160
Loss on disposal of capital assets	-	298,769
Amortization of deferred capital grants	(1,234,899)	(1,421,212)
Unamortized contributions on assets disposed	-	(299,269)
	<u>(1,021,451)</u>	<u>(1,909,156)</u>

Changes in:

Receivables	(1,402,574)	982,398
Inventories	(29,643)	(44,198)
Prepaid expenses	(542,704)	18,479
Due from Board Fund	(250,482)	(238,179)
Payables and accruals	374,145	350,375
Accrued vacation pay	204,839	356,616
Deferred contributions - operating and NCB initiatives	1,119,542	(21,691)
Accrued severance pay	(13,233)	251,177
	<u>(1,561,561)</u>	<u>(254,179)</u>

Investing:

Additions to capital assets	(432,475)	(814,846)
Proceeds from disposal of capital assets	-	500
	<u>(432,475)</u>	<u>(814,346)</u>

Financing:

Deferred contributions - capital	5,388	1,095,624
- special purpose funds	(225,561)	264,418
Repayment of long-term debt	(11,536)	(10,463)
Deferred contributions related to capital assets purchased	328,134	586,449
	<u>96,425</u>	<u>1,936,028</u>

Net increase (decrease) in cash and cash equivalents (1,897,611) 867,503

Cash and cash equivalents:

Beginning	<u>(6,741,955)</u>	<u>(7,609,458)</u>
Ending	<u>\$(8,639,566)</u>	<u>(6,741,955)</u>

Represented by:

Cash	\$ 2,623,706	2,574,091
Restricted cash (Note 3)	1,080,940	1,393,954
Bank indebtedness (Note 5)	<u>(12,344,212)</u>	<u>(10,710,000)</u>
	<u>\$(8,639,566)</u>	<u>(6,741,955)</u>

See accompanying notes

**HERITAGE FOUNDATION OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

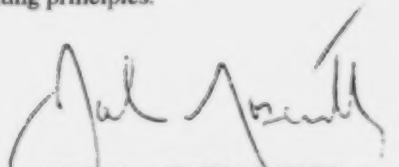
AUDITOR'S REPORT

To the Chairperson and Members
Heritage Foundation of
Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Heritage Foundation of Newfoundland and Labrador as at 31 March 2005 and the statements of revenues, expenses and fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
24 May 2005

**HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET**

31 March

2005

2004

ASSETS

Current

Cash	\$ 151,517	\$ 375,785
Investments, at cost (Note 2)	229,996	51,481
Accounts receivable	23,369	36,651
Investment income receivable	497	152
Prepaid expenses	361	315
	<u>405,740</u>	<u>464,384</u>

Capital assets (Note 3)

	<u>\$ 405,740</u>	<u>\$ 464,384</u>
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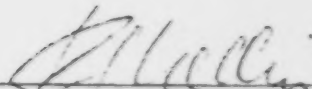
LIABILITIES AND FUND BALANCE

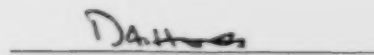
Current

Accounts payable and accrued liabilities	\$ 28,426	\$ 53,270
Deferred revenue (Note 4)	100,085	60,390
	128,511	113,660
Fund balance (Note 5)	277,229	350,724
	<u>\$ 405,740</u>	<u>\$ 464,384</u>

See accompanying notes

Signed on behalf of the Foundation:


Chairperson


Member

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND FUND BALANCE
For the Year Ended 31 March

2005

2004

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Government of Canada (Note 6)	\$ 301,714	\$ -	\$ 118,194
Province of Newfoundland and Labrador (Note 4)	170,000	-	81,506
Canada-Newfoundland and Labrador Comprehensive Economic Development Agreement	40,305	-	88,209
Miscellaneous	13,000	-	10,472
Investment income	3,902	-	12,284
	528,921	-	310,665
EXPENSES			
Board travel and meetings	8,158	18,000	4,623
Easement registration	838	800	828
Fisheries heritage grants	40,305	50,035	88,209
Heritage grants	77,000	100,000	112,165
Historic places initiative	271,188	-	35,057
Miscellaneous	4,887	4,500	12,309
Office furniture and equipment	-	1,000	-
Office supplies	2,951	6,000	3,793
Plaquing	1,589	4,500	3,600
Professional fees	1,575	3,500	1,693
Public relations	1,000	1,000	1,666
Salaries and benefits	186,566	151,000	184,481
Special projects	2,145	8,500	12,301
Telephone	2,138	3,500	3,960
Travel	2,076	8,500	2,485
	602,416	360,835	467,170
Excess of expenses over revenues	(73,495)	(360,835)	(156,505)
Fund balance, beginning of year	350,724	350,724	507,229
Fund balance, end of year	\$ 277,229	\$ (10,111)	\$ 350,724

See accompanying notes

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2005	2004
Cash flows from operating activities		
Excess of expenses over revenues	\$ (73,495)	\$ (156,505)
Changes in non-cash working capital		
Accounts receivable	13,282	5,592
Investment income receivable	(345)	(152)
Prepaid expenses	(46)	663
Accounts payable and accrued liabilities	(24,844)	45,693
	(85,448)	(104,709)
Increase (decrease) in Deferred Revenue (Note 4)	39,695	(42,973)
	(45,753)	(147,682)
Cash flows from investing activities		
Purchase of capital assets from capital contributions	(51,877)	(187,663)
Cash flows from financing activities		
Contribution from Government of Canada to purchase capital assets (Note 6)	51,877	187,663
Net decrease in cash and cash equivalents	(45,753)	(147,682)
Cash and cash equivalents, beginning of year	427,266	574,948
Cash and cash equivalents, end of year	\$ 381,513	\$ 427,266
Cash and cash equivalents include:		
Cash	\$ 151,517	\$ 375,785
Investments	229,996	51,481
	\$ 381,513	\$ 427,266

See accompanying notes

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Heritage Foundation of Newfoundland and Labrador (the Foundation) operates under the authority of the *Historic Resources Act*. Its affairs are managed by members of the Foundation appointed by the Lieutenant-Governor in Council.

The objectives of the Foundation are:

- (a) to stimulate an understanding of and appreciation for the architectural heritage of the Province;
- (b) to support and contribute to the preservation, maintenance and restoration of buildings and other structures of architectural or historical significance in the Province; and
- (c) to contribute to the increase and diffusion of knowledge about the architectural heritage of the Province.

1. Significant accounting policies

These financial statements have been prepared by the Foundation's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets consist of systems development and computer equipment which were capitalized at cost at the time of acquisition. Contributions toward the acquisition of capital assets are deducted from the related capital asset cost with any amortization calculated on the net amount over a period of five years from the date of acquisition.

Minor capital asset purchases are charged to operations in the year of acquisition.

(b) Investment income

Investment income is recorded on a straight line basis over the term of the investments.

2. Investments

	2005		2004
	Cost	Market Value	Cost
Scotia Money Market Fund	\$ 3,917	\$ 3,923	\$ 51,481
Short-term investments	226,079	226,377	-
	<u>\$ 229,996</u>	<u>\$ 230,300</u>	<u>\$ 51,481</u>

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2005

3. Capital assets

			2005		2004
	Cost	Capital Contributions	Accumulated Amortization	Net Book Value	Net Book Value
Systems development	\$ 192,318	\$ 192,318	\$ -	\$ -	\$ -
Computer equipment	47,222	47,222	-	-	-
	\$ 239,540	\$ 239,540	\$ -	\$ -	\$ -

4. Deferred revenue

The deferred revenue as at 31 March 2005 consists of a grant received from the Province of Newfoundland and Labrador to be used for operating expenses and the payment of heritage grants in future operations. It also consists of funding received under the Canada-Newfoundland and Labrador Comprehensive Economic Development Agreement. The purpose of the funding is to undertake a *Fisheries Heritage Preservation Initiative* focussing on the preservation and conservation of structures and buildings relating to the fisheries heritage of the Province. The revenue will be recognized in future operating periods as eligible expenditures are incurred.

	2005	2004
Balance, beginning of year	\$ 60,390	\$ 103,363
Contribution from Province of Newfoundland and Labrador	250,000	-
Contribution from Fisheries Heritage Preservation Initiative	-	60,390
Less: Contribution from Province of Newfoundland and Labrador recognized in income during year	(170,000)	(81,506)
Contribution from Fisheries Heritage Preservation Initiative recognized in income during year	(40,305)	(21,857)
Increase (decrease) during the year	39,695	(42,973)
Balance, end of year	\$ 100,085	\$ 60,390

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2005

5. Fund balance

Section 25 of the *Historic Resources Act* requires the Foundation to maintain a Fund of monies voted to it by the Legislature and of other monies received by way of gift, bequest, donation or otherwise. Disbursements from the Fund may be made by the Foundation for the purposes set out in the Legislation.

As at 31 March 2005, \$152,591 (2004 - \$144,983) of this Fund has been committed in the form of grants approved but not yet disbursed or rescinded. The allocation between committed and uncommitted funds is:

	2005	2004
Committed funds	\$ 152,591	\$ 144,983
Uncommitted funds	124,638	205,741
	<u>\$ 277,229</u>	<u>\$ 350,724</u>

In 1994-95, the Foundation adopted a policy with respect to grant commitments. All grants approved will be available for a period of two years from the date of grant approval. Clients not utilizing the grants within this timeframe will forfeit their right to these grants.

6. Government of Canada

On 4 April 2003, the Province entered into a Contribution Agreement with the Government of Canada to fund the Historic Places Initiative. The objectives of the Contribution Agreement are to develop an online Provincial Registry of Historic Places and to develop and implement programs related to promoting and integrating the Historic Places Initiative at the Provincial level in Newfoundland and Labrador.

The Province has appointed the Foundation to administer this Initiative on its behalf. During the year the Foundation recognized revenue relating to this Initiative in the amount of \$301,714 (2004 - \$118,194). In addition, the Foundation received capital contributions in the amount of \$51,877 (2004 - \$187,663) relating to this Initiative. This amount was applied towards the acquisition costs of systems development and computer equipment.

7. Operating lease obligation

Office equipment has been leased by the Foundation. Minimum lease payments for the next two years are as follows:

2006	\$1,217
2007	\$ 420

HERITAGE FOUNDATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2005

8. Related party transactions

The Foundation leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.

9. Financial instruments

The Foundation's financial instruments recognized on the balance sheet consist of cash, investments, accounts receivable, investment income receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Accounts receivable is due from the Government of Canada and therefore there is no credit risk associated with this amount.

10. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its operations, the Foundation's ability to continue operations is dependent upon the decisions of Government.

11. Income taxes

The Foundation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

HOTEL BUILDINGS LIMITED

FINANCIAL STATEMENTS

30 JUNE 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Hotel Buildings Limited
St. John's, Newfoundland and Labrador

I have audited the balance sheet of Hotel Buildings Limited as at 30 June 2004 and the statement of income, expenses and retained earnings for the three month period then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 30 June 2004 and the results of its operations for the three month period then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
14 October 2004

HOTEL BUILDINGS LIMITED
BALANCE SHEET

30 June 2004

**30 June
2004**

**31 March
2004**

(with comparative figures as at 31 March 2004)

ASSETS

Current

Cash	\$ -	\$ 90,035
Accounts receivable	-	137
	<u>\$ -</u>	<u>\$ 90,172</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current

Accounts payable and accrued liabilities	\$ -	\$ 1,140
--	------	----------

Shareholders' equity

Share capital

Authorized

100 common shares of no par value

Issued and fully paid

3 common shares

- 3,000

Retained earnings

- 86,032

- 89,032

\$ - \$ 90,172

See accompanying notes

Signed on behalf of the Board:


 Chairperson


 Director

HOTEL BUILDINGS LIMITED**STATEMENT OF INCOME, EXPENSES AND RETAINED EARNINGS****For the Three Month Period Ended 30 June 2004****30 June****31 March****(with comparative figures for the year ended 31 March 2004)****2004****2004****INCOME**

Interest income	\$ 234	\$ 2,300
	234	2,300

EXPENSES

Payroll and termination	-	18,000
Professional services	-	4,483
Bank charges	18	80
	18	22,563

Net income (loss)	216	(20,263)
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Retained earnings, beginning of period	86,032	106,295
--	--------	---------

	86,248	86,032
--	--------	--------

Less: transfer to the Province (Note 2)	86,248	-
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Retained earnings, end of period	\$ -	\$ 86,032
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See accompanying notes

HOTEL BUILDINGS LIMITED
NOTES TO FINANCIAL STATEMENTS
30 June 2004

Authority

Hotel Buildings Limited (the Corporation) was incorporated on 18 March 1966 under the *Corporations Act* of the Province of Newfoundland and Labrador for the purpose of financing the construction of various hotels throughout the Province. The affairs of the Corporation are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All Board members are full-time employees of the Province of Newfoundland and Labrador.

On 19 April 2004, the Lieutenant-Governor in Council authorized the Board of Directors to dissolve the Corporation at an appropriate time, in accordance with requirements under the *Corporations Act*. The dissolution was conditional upon completion of a final audit with the balance of any available funds, subsequent to the payment of any related costs, to be remitted to the Province. The Board of Directors commenced dissolution of the Corporation in accordance with these provisions. As a result, these financial statements represent the Corporation's final financial position and results of operations for the three month period ended 30 June 2004.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles.

2. Transfer to the Province

On 18 December 1995, the Corporation disposed of its hotel properties located at St. John's, Clarenville, Gander and Corner Brook, and on 22 March 1996 disposed of Hotel Port aux Basques. On 12 November 2002, the Corporation disposed of the last parcel of vacant land located in Clarenville. The Corporation's residual cash balance of \$89,248, which was comprised of \$86,248 in retained earnings and \$3,000 related to common shares, was transferred to the Province on 30 June 2004.

3. Related party transactions

The Corporation is administered by employees of the Department of Finance, with support, where necessary, from other Provincial Government departments. Certain costs of administration are incurred and paid directly by the departments and are not reflected in these financial statements.

4. Income taxes

The entity is a Crown corporation of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Household Hazardous Waste Program
Financial Statements
March 31, 2005

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Multi-Materials Stewardship Board

We have audited the statement of financial position of the **Household Hazardous Waste Program** as at March 31, 2005, and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Household Hazardous Waste Program as at March 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 6, 2005

Grant Thornton LLP
Chartered Accountants

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Household Hazardous Waste Program

Statements of Operations and Changes in Net Assets

Year Ended March 31

2005

2004

Revenue		
Waste Management Trust Fund	\$ 100,000	
Municipalities	53,373	\$ 65,408
Environment Canada	35,000	34,377
Interest	-	881
	<u>188,373</u>	<u>100,666</u>
Expenses		
Contract services	137,009	164,392
Marketing and promotion	38,925	53,890
Professional fees	1,000	1,000
Miscellaneous	346	-
Materials and supplies	124	160
Bank charges	54	-
Meetings	-	59
	<u>177,458</u>	<u>219,501</u>
Excess of revenue over expenses (expenses over revenue)	<u>\$ 10,915</u>	<u>\$ (118,835)</u>
Net (deficiency) assets, beginning of year	\$ (34)	\$ 118,801
Excess of revenue over expenses (expenses over revenue)	<u>10,915</u>	<u>(118,835)</u>
Net assets (deficiency), end of year	<u>\$ 10,881</u>	<u>\$ (34)</u>

See accompanying notes to the financial statements.

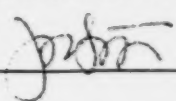
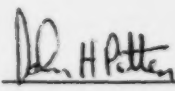
Grant Thornton 

Household Hazardous Waste Program

Statement of Financial Position

March 31	2005	2004
Assets		
Current		
Cash and cash equivalents	\$ 13,993	\$ 10,372
Temporary investments, restricted cash	15,775	-
Receivables	<u>319</u>	<u>29,794</u>
	<u>\$ 30,087</u>	<u>\$ 40,166</u>
Liabilities		
Current		
Payables and accruals	\$ 3,431	\$ 40,200
Performance bond payable	<u>15,775</u>	<u>-</u>
	19,206	40,200
Net Assets (Deficiency)		
Unrestricted net assets (deficiency)	<u>10,881</u>	<u>(34)</u>
	<u>\$ 30,087</u>	<u>\$ 40,166</u>

On behalf of the Board

 Chairperson
  Director

See accompanying notes to the financial statements.

Grant Thornton 

Household Hazardous Waste Program

Statement of Cash Flows

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenses (expenses over revenue)	\$ 10,915	\$ (118,835)
--	-----------	--------------

Change in non-cash operating working capital

Receivables	29,475	53,084
Investments	(15,775)	
Payables and accruals	(36,769)	39,200
Performance bond payable	15,775	(11,610)
Deferred revenue	-	(65,408)

Net increase (decrease) in cash and cash equivalents	3,621	(103,569)
--	-------	-----------

Cash and cash equivalents

Beginning of year	10,372	113,941
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End of year	\$ 13,993	\$ 10,372
-------------	-----------	-----------

See accompanying notes to the financial statements.

Grant Thornton

Household Hazardous Waste Program Notes to the Financial Statements

March 31, 2005

1. Nature of operations

The Household Hazardous Waste Program is a project implemented by the Multi-Materials Stewardship Board.

2. Significant accounting policies

Use of estimates

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include balances with banks.

3. Related party transactions

- a) Included in receivables at March 31, 2005 is an amount due from the Multi-Materials Stewardship Board of \$319 (2004 - \$Nil).
 - b) Included in payables and accruals at March 31, 2005 is an amount due to the Multi-Materials Stewardship Board of \$Nil (2004 - \$27,699).
-

4. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ materially from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

Deloitte

**Janeway Children's Hospital
Foundation
Financial Statements
March 31, 2004**

Auditors' Report

To the Directors of
Janeway Children's Hospital Foundation

We have audited the balance sheet of the Janeway Children's Hospital Foundation as at March 31, 2004 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2003 and for the year then ended were audited by other auditors who issued their report dated June 6, 2003.

Deloitte & Touche LLP

Chartered Accountants
July 12, 2004

Janeway Children's Hospital Foundation Statement of Operations

Year Ended March 31

2004

2003

	General Fund	In-Memoriam Fund	Endowment Fund	Total	Total
Revenue					
Miracle Network Telethon projects and donations	1,553,211	-	-	\$ 1,553,211	\$ 1,521,159
Capital campaign	450,000	-	-	450,000	450,000
Christmas Appeal donations	100,347	-	-	100,347	85,735
Interest	28,641	-	14,643	43,284	48,183
Atlantic Fundraising Association (Note 3)	34,445	-	-	34,445	47,383
Bequests and in-memoriam donations	47,173	7,764	30,948	85,885	43,406
Jeans Day	31,376	-	-	31,376	37,512
Teddy Bear Bash	30,948	-	-	30,948	24,122
Radiothon	15,190	-	-	15,190	-
Other funding	10,935	-	-	10,935	15,668
	<u>2,302,256</u>	<u>7,764</u>	<u>45,591</u>	<u>2,355,621</u>	<u>2,273,148</u>
Expenditure					
Miracle Network Telethon (Page 10)	487,645	-	-	487,645	454,283
Christmas Appeal (Page 11)	43,569	-	-	43,569	41,083
Jeans Day	11,597	-	-	11,597	9,292
Teddy Bear Bash	30,470	-	-	30,470	31,238
Radiothon	29,293	-	-	29,293	-
Depreciation	16,584	-	-	16,584	11,666
General administration	25,085	-	-	25,085	18,392
Maintenance contract	8,081	-	-	8,081	9,086
Planned giving	54,888	-	-	54,888	49,138
Professional fees	9,838	-	-	9,838	2,983
Public relations and advertising	1,281	-	-	1,281	5,731
Salaries and benefits	122,588	-	-	122,588	124,008
Travel and conferences	4,420	-	-	4,420	5,256
	<u>845,339</u>	<u>-</u>	<u>-</u>	<u>845,339</u>	<u>762,156</u>
Excess of revenue over expenditure before donations	<u>1,456,927</u>	<u>7,764</u>	<u>45,591</u>	<u>1,510,282</u>	<u>1,510,992</u>
Donations (Note 6)					
Capital campaign	900,000	-	-	900,000	900,000
Health Care Corporation of St. John's	640,827	1,018	-	641,845	747,800
Other health care	100,389	-	-	100,389	84,170
Other	52,172	-	-	52,172	10,604
	<u>1,693,388</u>	<u>1,018</u>	<u>-</u>	<u>1,694,406</u>	<u>1,742,574</u>
Excess of (expenditure over revenue) revenue over expenditure	<u>(238,461)</u>	<u>6,746</u>	<u>45,591</u>	<u>\$ (184,124)</u>	<u>\$ (231,582)</u>

See accompanying notes to the financial statements.

Janeway Children's Hospital Foundation
Statement of Changes in Net Assets

March 31

	2004			2003		
	General Fund	In-Memoriam Fund	Endowment Fund	Total	Total	Total
Net assets, beginning of year	591,846	58,473	498,704	\$ 1,149,023		\$ 1,380,605
Excess of (expenditure over revenue) revenue over expenditure	(236,461)	6,746	45,591	(184,124)		(231,582)
Net assets, end of year	355,385	65,219	544,295	\$ 964,899		\$ 1,149,023

See accompanying notes to the financial statements.

Janeway Children's Hospital Foundation **Statement of Financial Position**

March 31

2003

2004

	General Fund	In-Memoriam Fund	Endowment Fund	Total	Total
Assets					
Current					
Cash and cash equivalents	759,168	65,219	33,930	\$ 858,317	\$ 892,782
Receivables	7,836	-	-	7,836	4,740
Prepaid expenses	71,897	-	-	71,897	67,034
Long term investment (Note 3)	838,901	65,219	33,930	938,050	964,556
Investments (Note 4)	78,782	-	-	78,782	75,537
Capital assets (Note 5)	47,726	-	510,365	510,365	498,704
	965,409	65,219	544,295	\$ 1,574,923	\$ 1,575,203
Liabilities					
Current					
Payables and accruals	34,188	-	-	\$ 34,188	\$ 29,371
Due to other funds	494,641	-	-	494,641	314,189
Deferred contributions	62,857	-	-	62,857	67,097
Accrued severance pay	591,686	-	-	591,686	410,657
	18,338	-	-	18,338	15,523
	610,024	-	-	610,024	426,180
Net Assets					
Net assets invested in capital assets	47,726	-	-	47,726	36,406
Unrestricted net assets	307,659	-	-	307,659	555,440
Restricted net assets	355,385	65,219	544,295	609,514	557,177
	965,409	65,219	544,295	\$ 1,574,923	\$ 1,575,203

Commitments (Note 10)

On behalf of the Board

Donna C. Wick Director

Donna C. Wick Director

See accompanying notes to the financial statements.

Janeway Children's Hospital Foundation Statement of Cash Flows

Year Ended March 31

	2004		2003	
	General Fund	In-Memoriam Fund	Endowment Fund	Total
Increase (decrease) in cash and cash equivalents				
Operating activities				
Excess of (expenditure over revenue) revenue over expenditure	(236,461)	6,746	45,591	\$ (184,124)
Depreciation	16,584	-	-	16,584
Increase in severance pay accrual	2,815	-	-	2,815
Change in non-cash operating working capital (Note 7)	(217,062)	6,746	45,591	(164,725)
	173,070	-	-	173,070
	(43,992)	6,746	45,591	8,345
				<u>40,888</u>
				<u>(172,888)</u>
Investing activities				
Increase (decrease) in long term investment	(3,245)	-	-	(3,245)
Increase in investments	-	-	(11,661)	(11,661)
Purchase of capital assets	(27,904)	-	-	(27,904)
	(31,149)	-	(11,661)	(42,810)
	(75,141)	6,746	33,930	(34,465)
				<u>(231,511)</u>
Net (decrease) increase in cash and cash equivalents				
Cash and cash equivalents				
Beginning of year	834,309	58,473	-	892,782
End of year	759,168	65,219	33,930	\$ 858,317
				<u>1,124,293</u>
				<u>\$ 892,782</u>
Represented by				
Short term investments	714,526	-	-	714,526
Bank balances	44,242	65,219	33,930	143,391
Cash on hand	400	-	-	400
	759,168	65,219	33,930	858,317
				<u>\$ 892,782</u>

See accompanying notes to the financial statements.

Janeway Children's Hospital Foundation

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The Janeway Children's Hospital Foundation is a registered charitable organization created to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research directly related to the health and welfare of Newfoundland and Labrador children, while promoting public awareness of these needs.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of presentation

The Foundation applies the restricted fund method of accounting for contributions:

The General Fund contains all of the operating assets, liabilities, revenue and expenditure of the Foundation related to the organization's mandate to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research.

The In-Memoriam Fund represents donations received from donors for a designated purpose. These donations are held in bank accounts until it is disbursed for the specific projects.

The Endowment Fund represents donations received from donors specifically for the Little Red Wagon Endowment Fund. These donations will be disbursed based on recommendations from the Board.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

Donation revenue

Revenue from donations, including pledges, is recognized in the accounts of the Foundation in the year in which it is received. All other revenues are recognized as earned and when collectibility is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments with maturities of three months or less.

Janeway Children's Hospital Foundation

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (cont'd.)

Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over five years.

Vacation pay and other benefits

Vacation pay and other benefits are recorded in the accounts of the Foundation on the accrual basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

3. Long term investment

The Foundation has a 25% interest in the Atlantic Fundraising Association. This interest was acquired at a nominal cost to the Foundation. Income recorded from this Association is a combination of the cash distributions received and the Foundation's share of the increase (decrease) in the Association's surplus. The income earned is recorded based on financial statements prepared by the Association's accountants. The investment shown on the balance sheet represents the Foundation's share in the net assets of the Association at year end.

	<u>2004</u>	<u>2003</u>
Cash distributions received	\$ 31,200	\$ 52,025
Increase (decrease) in the investment	<u>3,245</u>	<u>(4,662)</u>
Income reported	<u>\$ 34,445</u>	<u>\$ 47,363</u>

4. Investments

	<u>2004</u>	<u>2003</u>
Guaranteed investment certificate, due April 5, 2004, at an interest rate of 2.48%.	\$ 510,365	\$ -
Guaranteed investment certificates, due June 30, 2004 at an interest rate of 2.75%.	<u>-</u>	<u>498,704</u>
	<u>\$ 510,365</u>	<u>\$ 498,704</u>

This investment represents the funds donated to the Little Red Wagon Endowment Fund, together with accrued interest. These funds will be re-invested upon maturity.

Janeway Children's Hospital Foundation **Notes to the Financial Statements**

March 31, 2004

5.	Capital assets		2004	2003
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Equipment	\$ 133,604	\$ 85,878	\$ 47,726	\$ 36,406

6.	Donations	2004	2003
Capital campaign		\$ 900,000	\$ 900,000
Health Care Corporation of St. John's			
Janeway Children's Health and Rehabilitation Centre		484,904	697,800
Janeway Research		156,941	50,000
		641,845	747,800
Other health care			
Paediatric Genetic Research Program		75,000	75,000
Burin Peninsula Health Care Foundation		12,473	-
Central East Health Care		12,916	-
Western Health Care Corporation		-	9,170
		100,389	84,170
Other			
Rainbow Riders program		5,000	5,000
Asthma program		17,444	5,604
Haemophilia program		29,728	-
		52,172	10,604
		\$ 1,694,408	\$ 1,742,574

7.	Supplemental cash flow information	2004	2003
Change in non-cash operating working capital			
Receivables	\$ (3,096)	\$ 2,893	
Prepaid expenses	(4,863)	1,469	
Payables and accruals	4,817	2,529	
Due to other funds	180,452	39,800	
Deferred contributions	(4,240)	(5,603)	
	<u>\$ 173,070</u>	<u>\$ 40,888</u>	

Janeway Children's Hospital Foundation

Notes to the Financial Statements

March 31, 2004

8. Income tax status

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

9. Related party transactions

The Foundation operates for the purpose of accumulating funds to assist the Janeway Children's Health and Rehabilitation Centre (Health Care Corporation of St. John's) with the purchase of medical equipment used in the provision of patient care for children. Transactions between these related parties are measured at their exchange value.

10. Commitments

During the year the Foundation committed to disburse \$613,650 (2003 - \$637,800) to the Health Care Corporation of St. John's to benefit the Janeway Children's Health and Rehabilitation Centre. During the year \$640,827 (2003 - \$747,800) of committed funds were disbursed. The outstanding commitments from the current and prior years of approximately \$938,354 relating to capital equipment and research will be disbursed in future fiscal years of the Foundation.

In 2000, \$300,000 was committed to the Paediatric Genetic Research Program to be disbursed over a four year period. During the year, the final \$75,000 was disbursed for this Program.

In 2003, \$1,300,000 was committed to Give to Feel Good Campaign (Capital campaign) to be disbursed over a three year period. In 2004 the commitment of a further \$100,000 was made for a total of \$1,400,000 and the period was extended to five years. This amount was matched by the Province of Newfoundland and Labrador for a total of \$2,800,000. During the year, \$900,000 was disbursed to the capital campaign, and \$200,000 of the commitment is remaining.

In 2003, \$200,000 was committed to other hospitals in Newfoundland and Labrador for the purchase of paediatric equipment. These grants were made to recognize the Foundation's 20th Anniversary and should be paid in 2004-2005.

11. Financial instruments

The carrying value of the Foundation's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturity of these instruments.

Janeway Children's Hospital Foundation
Schedule of Miracle Network Telethon Expenses

Year Ended March 31

2004

2003

Advertising	\$ 6,985	\$ 6,412
Affiliation fees	17,631	18,206
Broadcasting costs	86,552	98,952
Donor recognition	1,742	3,732
General administration	10,839	10,668
Merchandise	94,231	83,453
Office and supplies	2,681	1,914
Postage	20,979	25,440
Printing	16,444	14,135
Professional fees	14,595	6,972
Salaries and benefits	204,999	173,707
Telephone	-	3,234
Travel and conferences	<u>9,967</u>	<u>7,458</u>
	<u>\$ 487,645</u>	<u>\$ 454,283</u>

Janeway Children's Hospital Foundation
Schedule of Christmas Appeal Expenses

Year Ended March 31

2004

2003

Advertising	\$ 853	\$ 456
Contractual services	4,901	5,276
Office and miscellaneous	78	48
Postage	11,048	11,951
Printing	7,850	8,002
Promotional costs	2,319	2,117
Salaries and benefits	<u>16,720</u>	<u>13,233</u>
	<u>\$ 43,569</u>	<u>\$ 41,083</u>

Deloitte

Financial Statements

**JANEWAY CHILDREN'S HOSPITAL
FOUNDATION**

March 31, 2005

Auditors' Report

To the Directors of
Janeway Children's Hospital Foundation

We have audited the statement of financial position of the Janeway Children's Hospital Foundation as at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 30, 2005

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Statement of Operations

Year ended March 31, 2005

	General Fund \$	In-Memoriam Fund \$	Endowment Fund \$	2005 \$	2004 \$
REVENUE					
Miracle Network Telethon projects and donations	1,573,849	-	-	1,573,849	1,553,211
Requests and in-memoriam donations	175,084	6,625	65,182	246,891	85,885
Golf	118,662	-	-	118,662	-
Capital campaign	100,000	-	-	100,000	450,000
Christmas Appeal donations	92,343	-	-	92,343	100,347
Interest	21,339	-	11,407	32,746	43,284
Radiothon	30,526	-	-	30,526	15,190
Jeans Day	20,985	-	-	20,985	31,376
Pumpkin feast	11,592	-	-	11,592	-
Other funding	8,023	-	-	8,023	10,935
Atlantic Fundraising Association (Note 3)	3,773	-	-	3,773	34,445
Teddy Bear Bash	500	-	-	500	30,948
	2,156,676	6,625	76,589	2,239,890	2,355,621
EXPENDITURE					
Miracle Network Telethon (Page 11)	497,023	-	-	497,023	487,645
Salaries and benefits	127,346	-	-	127,346	122,588
Planned giving	45,865	6,577	-	52,442	54,888
General administration	40,800	-	-	40,800	25,085
Christmas Appeal (Page 12)	37,268	-	-	37,268	43,569
Golf	35,516	-	-	35,516	-
Depreciation	15,903	-	-	15,903	16,584
Maintenance contract	11,650	-	-	11,650	8,081
Radiothon	10,151	-	-	10,151	29,293
Public relations and advertising	9,913	-	-	9,913	1,281
Travel and conferences	8,551	-	-	8,551	4,420
Jeans Day	6,431	-	-	6,431	11,597
Pumpkin feast	5,835	-	-	5,835	-
Teddy Bear Bash	2,670	-	-	2,670	30,470
Professional fees	(6,552)	-	-	(6,552)	9,838
Write-down of investment (Note 3)	55,155	-	-	55,155	-
	903,525	6,577	-	910,102	845,339
EXCESS OF REVENUE OVER EXPENDITURE	1,253,151	48	76,589	1,329,788	1,510,282
DONATIONS (Note 6)					
Health Care Corporation of St. John's	388,526	-	-	388,526	641,845
Capital campaign	200,000	-	-	200,000	900,000
Other	179,711	-	-	179,711	52,172
Other health care	154,368	-	-	154,368	100,389
	922,605	-	-	922,605	1,694,406
EXCESS OF (EXPENDITURE OVER REVENUE)					
REVENUE OVER EXPENDITURE	330,546	48	76,589	407,183	(184,124)

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Statement of Changes in Net Assets
Year ended March 31, 2005

	General Fund \$	In-Memorium Fund \$	Endowment Fund \$	2005 \$	2004 \$
NET ASSETS, BEGINNING OF YEAR	355,384	65,219	544,296	964,899	1,149,023
EXCESS OF (EXPENDITURE OVER REVENUE) REVENUE OVER EXPENDITURE	330,546	48	76,589	407,183	(184,124)
NET ASSETS, END OF YEAR	685,930	65,267	620,885	1,372,082	964,899

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Statement of Financial Position

March 31, 2005

	General Fund \$	In-Memoriam Fund \$	Endowment Fund \$	2005 \$	2004 \$
ASSETS					
CURRENT					
Cash and cash equivalents	1,268,450	65,267	99,128	1,432,845	858,317
Receivables	-	-	-	-	7,836
Prepaid expenses	41,727	-	-	41,727	71,897
	1,310,177	65,267	99,128	1,474,572	938,050
LONG-TERM INVESTMENT (Note 3)	-	-	-	-	78,782
INVESTMENTS (Note 4)	-	-	521,757	521,757	510,365
CAPITAL ASSETS (Note 5)	37,068	-	-	37,068	47,726
	1,347,245	65,267	620,885	2,033,397	1,574,923
LIABILITIES					
CURRENT					
Payables and accruals	16,511	-	-	16,511	34,188
Due to other funds	325,645	-	-	325,645	494,641
Deferred contributions	304,669	-	-	304,669	62,857
	646,825	-	-	646,825	591,686
Accrued severance pay	14,490	-	-	14,490	18,338
	661,315	-	-	661,315	610,024
NET ASSETS					
Net assets invested in capital assets	37,068	-	-	37,068	47,726
Unrestricted net assets	704,017	-	-	648,862	307,659
Restricted net assets	-	65,267	620,885	686,152	609,514
	741,085	65,267	620,885	1,372,082	964,899
	1,402,400	65,267	620,885	2,033,397	1,574,923

ON BEHALF OF THE BOARD:

Jan. Spiller

Director

James E. McCarty

Director

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Statement of Cash Flows

Year ended March 31, 2005

	General Fund \$	In-Memoriam Fund \$	Endowment Fund \$	2005 \$	2004 \$
OPERATING ACTIVITIES					
Excess of (expenditure over revenue) revenue over expenditure	330,546	48	76,589	407,183	(184,124)
Depreciation	15,903	-	-	15,903	16,584
Increase (decrease) in severance pay accrual	(3,848)	-	-	(3,848)	2,815
Change in non-cash operating working capital (Note 7)	93,144	-	-	93,144	173,070
	435,745	48	76,589	512,382	8,345
INVESTING ACTIVITIES					
(Increase) decrease in long-term investment	78,782	-	-	78,782	(3,245)
Increase in investments	-	-	(11,391)	(11,391)	(11,661)
Purchase of capital assets	(5,245)	-	-	(5,245)	(27,904)
	73,537	-	(11,391)	62,146	(42,810)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS					
	509,282	48	65,198	574,528	(34,465)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	759,168	65,219	33,930	858,317	892,782
CASH AND CASH EQUIVALENTS, END OF YEAR	1,268,450	65,267	99,128	1,432,845	858,317
REPRESENTED BY					
Short-term investments	-	-	-	-	714,526
Bank balances	1,268,050	65,267	99,128	1,432,445	143,391
Cash on hand	400	-	-	400	400
	1,268,450	65,267	99,128	1,432,845	858,317

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

March 31, 2005

1. NATURE OF OPERATIONS

The Janeway Children's Hospital Foundation is a registered charitable organization created to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research directly related to the health and welfare of Newfoundland and Labrador children, while promoting public awareness of these needs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of presentation

The General Fund contains all of the operating assets, liabilities, revenue and expenditure of the Foundation related to the organization's mandate to raise funds to meet the financial needs of the Janeway Children's Health and Rehabilitation Centre for capital projects, equipment, programs and research.

The In-Memoriam Fund represents donations received from donors for a designated purpose. These donations are held in bank accounts until they are disbursed for the specific projects.

The Endowment Fund represents donations received from donors specifically for the Little Red Wagon Endowment Fund. These donations will be disbursed based on recommendations from the Board.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions whereby restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable and when collectibility is reasonably assured.

Revenue from donations, including pledges, is recognized in the accounts of the Foundation in the year in which it is received.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, and short-term investments with maturities of three months or less.

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

March 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are recorded at cost plus accrued interest. Gains or losses on disposals of investments are reflected in the accounts in the year of disposal.

Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over five years.

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

Vacation pay and other benefits

Vacation pay and other benefits are recorded in the accounts of the Foundation on the accrual basis.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Support-in-kind

Various services have been provided to the Foundation by the Health Care Corporation of St. John's and other agencies without charge. Because of the difficulty of determining the fair value, only the portion provided by the Health Care Corporation of St. John's is recognized in the financial statements.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

March 31, 2005

3. LONG - TERM INVESTMENT

The Foundation has a 25% interest in the Atlantic Fundraising Association. This interest was acquired at a nominal cost to the Foundation. The investment in the Association represents the Foundation's share of the Association's surplus less cash distributions received. The income earned is recorded based on financial statements prepared by the Association's accountants. The Foundation has decided to no longer carry this investment on an equity basis and has therefore written it down to zero in the current year.

4. INVESTMENTS

	<u>2005</u>	<u>2004</u>
	\$	\$
Guaranteed investment certificate, due April 4, 2005, at an interest rate of 2.4%.	521,757	-
Guaranteed investment certificates matured April, 2004.	-	510,365
	<u>521,757</u>	<u>510,365</u>

This investment represents the funds donated to the Little Red Wagon Endowment Fund, together with accrued interest. These funds will be re-invested upon maturity.

5. CAPITAL ASSETS

	<u>2005</u>		<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
	\$	\$	\$
Equipment	138,849	101,781	37,068
			<u>47,726</u>

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

March 31, 2005

6. DONATIONS

	<u>2005</u>	<u>2004</u>
	\$	\$
Health Care Corporation of St. John's		
Janeway Children's Health and Rehabilitation Centre	388,526	484,904
Janeway Research	-	156,941
	<u>388,526</u>	<u>641,845</u>
Capital campaign	200,000	900,000
Other		
Memorial University	100,000	-
Maple Leaf Garden	32,430	-
Rainbow Riders program	5,000	5,000
Asthma program	2,367	17,444
Haemophilia program	39,264	29,728
Child abuse	650	-
	<u>179,711</u>	<u>52,172</u>
Other health care		
South and central Health Foundation	30,000	-
Trinity Conception Placentia	35,050	-
Paediatric Generic Research Program	-	75,000
Burin Peninsula Health Care Foundation	21,600	12,473
Western Health Care Corporation	21,769	-
Grenfell Foundation	19,440	-
Captain William Jackman Memorial	11,930	-
Central East Health Care	9,579	12,916
Dr. Heather Jackman	5,000	-
	<u>154,368</u>	<u>100,389</u>
	<u>922,605</u>	<u>1,694,406</u>

7. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash operating working capital

	<u>2005</u>	<u>2004</u>
	\$	\$
Receivables	7,836	(3,096)
Prepaid expenses	30,169	(4,863)
Payables and accruals	(17,677)	4,817
Due to other funds	(168,996)	180,452
Deferred contributions	241,812	(4,240)
	<u>93,144</u>	<u>173,070</u>

JANEWAY CHILDREN'S HOSPITAL FOUNDATION

Notes to Financial Statements

March 31, 2005

8. INCOME TAX STATUS

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

9. RELATED PARTY TRANSACTIONS

The Foundation operates for the purpose of accumulating funds to assist the Janeway Children's Health and Rehabilitation Centre (Health Care Corporation of St. John's) with the purchase of medical equipment used in the provision of patient care for children. Transactions between these related parties are measured at their exchange value.

10. COMMITMENTS

During the year, the Foundation committed to disburse \$839,280 (2004 - \$613,650) to the Health Care Corporation of St. John's to benefit the Janeway Children's Health and Rehabilitation Centre. During the year \$388,526 (2004 - \$641,845) of committed funds were disbursed. The outstanding commitments from the current and prior years of approximately \$1,354,546 relating to capital equipment and research will be disbursed in future fiscal years of the Foundation.

In 2001, \$1,300,000 was committed to Give to Feel Good Campaign (Capital campaign) to be disbursed over a three year period. In 2004 the commitment of a further \$100,000 was made for a total of \$1,400,000 and the period was extended to four years. This amount was matched by the Province of Newfoundland and Labrador for a total of \$2,800,000. During the year, the final \$200,000 of this commitment was disbursed to the capital campaign.

In 2003, \$220,852 was committed to other hospitals in Newfoundland and Labrador for the purchase of paediatric equipment. These grants were made to recognize the Foundation's 20th Anniversary. As at March 31, 2005, \$82,268 of these committed funds remains to be disbursed in future years.

11. FINANCIAL INSTRUMENTS

The carrying value of the Foundation's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturity of these instruments.

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Schedule of Miracle Network Telethon Expenses

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
Salaries and benefits	191,316	204,999
Merchandise	93,655	94,231
Broadcasting costs	92,981	86,552
Postage	28,108	20,979
Affiliation fees	22,498	17,631
Printing	16,157	16,444
General administration	14,490	10,839
Travel and conferences	11,720	9,967
Professional fees	11,051	14,595
Advertising	8,951	6,985
Donor recognition	3,154	1,742
Office and supplies	2,647	2,681
Telephone	295	-
	<u>497,023</u>	<u>487,645</u>

JANEWAY CHILDREN'S HOSPITAL FOUNDATION
Schedule of Christmas Appeal Expenses

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
Salaries and benefits	11,950	16,720
Postage	9,056	11,048
Contractual services	7,652	4,901
Printing	5,239	7,850
Promotional costs	2,575	2,319
Advertising	521	653
Office and miscellaneous	275	78
	<u>37,268</u>	<u>43,569</u>

LABRADOR SCHOOL BOARD

**AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2004

WALTER P. MILLER & COMPANY

Chartered Accountants



**WALTER P. MILLER
& CO.** CHARTERED ACCOUNTANTS

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St. John's, Newfoundland
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Partners
Stephen Belanger, B.Comm., F.C.A.
Boyde Clarke, B.Comm., C.A.
Peter Miller, B.Comm., C.A.
Principal
Raymond White, C.G.A.

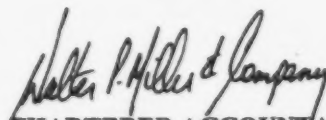
AUDITORS' REPORT

To the Directors of the **Labrador School Board**

We have audited the balance sheet of the current and capital funds of the **Labrador School Board** as at June 30, 2004, and the statements of current revenues, expenditures and Board deficit, changes in financial position and changes in capital fund for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Labrador School Board as at June 30, 2004, and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

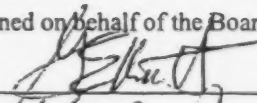

CHARTERED ACCOUNTANTS

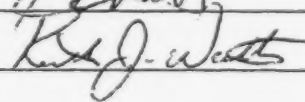
St. John's, Newfoundland and Labrador
July 30, 2004

**LABRADOR SCHOOL BOARD
BALANCE SHEET
AS AT JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
<u>ASSETS</u>		
Current		
Cash (Schedule 9)	\$ 15,690	\$ -
Accounts receivable (Note 2)	5,627,086	5,777,179
Prepaid expenses (Schedule 9)	<u>81,743</u>	<u>21,782</u>
Total current assets	<u>5,724,519</u>	<u>5,798,961</u>
Property and equipment (Schedule 7)	<u>42,545,682</u>	<u>42,474,542</u>
Total assets	<u>\$ 48,270,201</u>	<u>\$ 48,273,503</u>
<u>LIABILITIES</u>		
Current		
Bank indebtedness (Schedule 9)	\$ -	\$ 789,976
Accounts payable and accrued liabilities (Note 4)	10,871,270	10,533,814
Current maturities (Schedules 8 and 8B)	<u>204,147</u>	<u>219,655</u>
Total current liabilities	<u>11,075,417</u>	<u>11,543,445</u>
Long-term debt (Schedules 8 and 8A)	<u>1,655,704</u>	<u>1,681,254</u>
Total liabilities	<u>12,731,121</u>	<u>13,224,699</u>
<u>BOARD EQUITY</u>		
Investment in capital assets (Note 5)	42,023,720	41,836,473
Restricted fund - Labrador West School Committee (Note 9)	261,522	169,574
Appropriated surplus (Note 10)	70,000	-
Board deficit (Note 11)	<u>(6,816,162)</u>	<u>(6,957,243)</u>
	<u>35,539,080</u>	<u>35,048,804</u>
	<u>\$ 48,270,201</u>	<u>\$ 48,273,503</u>

Signed on behalf of the Board:


_____, Director


_____, Director

See accompanying notes to financial statements.

LABRADOR SCHOOL BOARD
STATEMENT OF CURRENT REVENUES, EXPENDITURES AND BOARD DEFICIT
FOR THE YEAR ENDED JUNE 30, 2004

	<u>2004</u>	<u>2003</u>
Current revenues (Schedule 1)		
Provincial Government grant	\$ 34,978,671	\$ 36,208,867
Ancillary services	168,050	194,622
Miscellaneous	<u>4,458,512</u>	<u>3,957,911</u>
	<u>39,605,233</u>	<u>40,361,400</u>
Current expenditures		
Administration (Schedule 2)	1,564,851	1,407,615
Instruction (Schedule 3)	31,663,997	32,307,731
Operations and maintenance (Schedule 4)	3,873,000	4,103,169
Pupil transportation (Schedule 5)	1,917,027	1,998,177
Ancillary services and miscellaneous (Schedule 6)	127,311	226,989
Interest (Schedule 8C)	<u>10,382</u>	<u>6,146</u>
	<u>39,156,568</u>	<u>40,049,827</u>
Excess of revenue over expenditure for year before transfer to Capital		
Fund appropriation of funds and severance pay adjustments	448,665	311,573
Transfer to Capital Fund	(116,107)	(345,117)
Allocation to appropriated surplus (Note 10)	<u>(70,000)</u>	<u>-</u>
Excess of revenue over expenditure (expenditure over revenue) for year before severance pay adjustments	262,558	(33,544)
Severance pay adjustments		
Non-teaching	(143,246)	(70,459)
Teaching	<u>(245,496)</u>	<u>(435,253)</u>
Excess of expenditure over revenue for year	(126,184)	(539,256)
Board deficit, beginning		
As previously reported	6,957,243	6,637,042
Deficit adjustments (Note 8)	<u>(267,265)</u>	<u>(219,055)</u>
	<u>6,689,978</u>	<u>6,417,987</u>
Board deficit, ending	\$ <u>6,816,162</u>	\$ <u>6,957,243</u>

See accompanying notes to financial statements.

LABRADOR SCHOOL BOARD
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2004

	<u>2004</u>	<u>2003</u>
Operating Activities		
Excess of expenditure over revenue for year	\$ (126,184)	\$ (539,256)
Changes in non-cash working capital balances:		
Accounts receivable	150,093	(835,644)
Prepaid expenses	(59,961)	17,188
Accounts payable and accrued liabilities	337,456	1,405,050
Deficit adjustments	<u>267,265</u>	<u>219,055</u>
	<u>568,669</u>	<u>266,393</u>
Financing Activities		
Proceeds from bank loans	244,211	57,800
Repayment of long-term debt principal	<u>(285,269)</u>	<u>(396,344)</u>
	<u>(41,058)</u>	<u>(338,544)</u>
Investing Activities		
Additions to property and equipment	(71,140)	(97,890)
Increase in restricted fund	91,948	62,979
Increase in appropriated fund	70,000	-
Increase in Investment in Capital Assets	<u>187,247</u>	<u>345,117</u>
	<u>278,055</u>	<u>310,206</u>
Increase in cash for year	805,666	238,055
Cash deficiency, beginning	<u>(789,976)</u>	<u>(1,028,031)</u>
Cash (deficiency), ending	\$ <u>15,690</u>	\$ <u>(789,976)</u>

See accompanying notes to financial statements.

LABRADOR SCHOOL BOARD
STATEMENT OF CHANGES IN CAPITAL FUND
FOR THE YEAR ENDED JUNE 30, 2004

	<u>2004</u>	<u>2003</u>
Capital receipts		
Proceeds from bank loans		
Pupil transportation	\$ 244,211	\$ -
Less: Amount recoverable from Province	<u>(244,211)</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Capital expenditure out of revenue	<u>71,140</u>	<u>-</u>
Transfer from Current Fund	<u>116,107</u>	<u>345,117</u>
	<u>\$ 187,247</u>	<u>\$ 345,117</u>
Capital disbursements		
Additions to Property and Equipment	\$ <u>71,140</u>	\$ <u>97,890</u>
Principal repayment of long-term debt		
Teachers' residences	<u>116,107</u>	<u>247,227</u>
	<u>\$ 187,247</u>	<u>\$ 345,117</u>

See accompanying notes to financial statements.

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the District, relating to their use of fund accounting, is as follows:

- (1) Grants received by the District are recorded in either the current or capital funds, depending on their source. Grants from the Department of Education are treated as current revenues while those from the E.I.C. (Education Investment Corporation) are recorded as capital revenues. Also, amounts paid to construction companies from the E.I.C. on behalf of the District for capital projects are treated as capital revenues.
- (2) Capital asset additions are recorded at full cost in the capital fund.
- (3) The District does not calculate or record amortization on any of its capital assets.
- (4) Principal repayment of Pupil Transportation Loans are recorded as current expenditures. All other principal repayment of bank loans are recorded as capital expenditures.

2. Accounts Receivable

	<u>2004</u>	<u>2003</u>
<u>Current</u>		
Provincial Government	\$ 5,392,676	\$ 5,337,272
Transportation	-	150
Federal Government	82,982	110,547
Rent	212	461
Travel advances and miscellaneous	<u>151,216</u>	<u>328,749</u>
	<u>\$ 5,627,086</u>	<u>\$ 5,777,179</u>

3. Bank Indebtedness

	<u>2004</u>	<u>2003</u>
Account overdrafts	\$ -	\$ 219,975
Operating line of credit	<u>-</u>	<u>570,000</u>
	<u>\$ -</u>	<u>\$ 789,975</u>

Bank indebtedness bears interest at a rate of prime plus 0.5% and is secured by a guarantee of the Department of Education.

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

4. Accounts Payable and Accrued Liabilities

	<u>2004</u>	<u>2003</u>
<u>Current</u>		
Trade payables	\$ 610,662	\$ 347,031
Accrued liabilities (other than interest and wages)	10,700	59,505
Accrued wages	-	185,540
Accrued teachers' holdback	3,543,309	3,590,421
Accrued severance - Non-teaching	756,458	656,104
Accrued severance - Teaching	5,501,389	5,255,893
Payroll deductions and mandatory payroll costs	26,585	21,592
Deferred grants	300,606	300,943
Other	<u>121,561</u>	<u>116,785</u>
	<u>\$ 10,871,270</u>	<u>\$ 10,533,814</u>

5. Investment in Capital Assets

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 41,836,473	\$ 41,491,356
Add: Additions to Property and Equipment	71,140	97,890
Add: Reduction in capital loan principal	<u>116,107</u>	<u>247,227</u>
Balance, end of year	<u>\$ 42,023,720</u>	<u>\$ 41,836,473</u>

6. Contingent Liability

The Lavers Inquiry is currently investigating allegations of abuse at schools formerly run by various churches in certain parts of Labrador. The possibility or magnitude of any resulting liability arising to the District is not known.

There presently exists an undetermined contingent liability which has arisen concerning a dispute between the Roman Catholic Diocese of Labrador City/Schefferville and the Labrador School Board over ownership of rental monies derived from Notre Dame Academy.

7. Other Matters

Effective January 1, 1997, the Labrador School Board was formed through the amalgamation of the Labrador West Integrated School Board, the Labrador East Integrated School Board and the Roman Catholic School Board for Labrador. The amalgamation was accounted for using the pooling of interests method whereby the assets and liabilities of each School Board were combined to become the assets of the new Labrador School Board.

LABRADOR SCHOOL BOARD
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

8. **Deficit Adjustments**

	<u>2004</u>	<u>2003</u>
Prior year rebates from Newfoundland Hydro	\$ -	\$ (159,055)
Damages received from Nolan, Davis & Associates Limited	-	(60,000)
Funding received during the year for busing deficit incurred during the year ended June 30, 2003	<u>(267,265)</u>	<u>-</u>
	<u>\$ (267,265)</u>	<u>\$ (219,055)</u>

9. **Restricted Surplus**

Restricted surplus represents unexpended funding received for the benefit of the Labrador West School Committee. The available funds must be expended in Labrador West.

10. **Appropriated Surplus**

Appropriated surplus represents funding set aside for the acquisition of bleachers at Mealey Mountain Collegiate during the year ending June 30, 2005.

11. **Board Deficit**

	<u>2004</u>	<u>2003</u>
Board deficit is comprised as follows:		
Deficit upon amalgamation at January 1, 1997	\$ 504,281	\$ 504,281
Deficit related to teachers' severance (responsibility of Provincial Government)	5,501,389	5,255,893
Deficit attributable to the Board operations since amalgamation	<u>810,492</u>	<u>1,197,069</u>
Board deficit, end of year	<u>\$ 6,816,162</u>	<u>\$ 6,957,243</u>

SCHEDULE 1

LABRADOR SCHOOL BOARD
CURRENT REVENUES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>2004</u>	<u>2003</u>
Current Revenues		
Provincial Government grants		
Regular operating grants		
Regular	\$ 4,929,215	\$ 5,231,533
Differential	545,072	645,234
Travel	10,218	11,343
NLSBA fees	24,100	24,214
Salaries and benefits		
Directors and Assistant Directors	342,484	304,344
Regular teachers	26,075,360	26,975,802
Substitute teachers	613,659	766,146
Student assistants	552,921	563,183
Pupil transportation		
Board owned	1,829,642	1,666,523
Contracted	-	-
Handicapped	<u>56,000</u>	<u>20,545</u>
	<u>34,978,671</u>	<u>36,208,867</u>
Ancillary Services		
Revenues from rental of residences	166,595	192,035
Revenues from rental of schools and facilities	<u>1,455</u>	<u>2,587</u>
	<u>168,050</u>	<u>194,622</u>
Miscellaneous		
Interest	9,051	7,720
Operating revenue from Native Peoples grant	2,981,347	2,430,576
Mining company grants	1,430,000	1,430,000
Bilingual education revenue (Francophone programs)	-	27,300
Sundry	<u>38,114</u>	<u>62,315</u>
	<u>4,458,512</u>	<u>3,957,911</u>
	<u>\$ 39,605,233</u>	<u>\$ 40,361,400</u>

See accompanying notes to financial statements.

SCHEDULE 2

**LABRADOR SCHOOL BOARD
ADMINISTRATION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Salaries and Benefits		
Director of Education and Assistant Directors	\$ 400,722	\$ 352,432
District office personnel	797,144	722,384
Office supplies	15,600	16,948
Replacement furniture and equipment	25,535	8,265
Postage	7,325	5,759
Telephone and cable	32,354	21,712
Office equipment rentals and repairs	26,100	15,682
Electricity	5,539	4,945
Insurance	510	5,960
Travel	89,817	92,292
Board meeting expenses	63,134	70,714
Professional fees	21,857	25,343
Advertising	40,880	31,034
Membership dues	26,576	26,769
Municipal service fees	591	1,050
Miscellaneous	7,369	4,127
Payroll tax	13,397	10,200
Relocation expenses	-	1,095
Repairs and maintenance	6,015	840
Less: Severance pay adjustment	<u>(15,614)</u>	<u>(9,936)</u>
	<u>\$ 1,564,851</u>	<u>\$ 1,407,615</u>

See accompanying notes to financial statements.

**LABRADOR SCHOOL BOARD
INSTRUCTION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

SCHEDULE 3

	<u>2004</u>	<u>2003</u>
Instructional salaries (Gross)		
Teachers' salaries - Regular	\$ 24,238,685	\$ 23,654,056
- Substitute	588,062	735,163
- District paid	27,074	2,231
- Benefits	2,282,927	3,975,872
Student assistants - Regular	552,921	563,183
Augmentation payments	486,614	534,547
School secretaries - Salaries and benefits	673,008	747,704
Payroll tax	25,590	22,917
Other instructional salaries and benefits	941,377	853,879
Severance pay adjustment - Teachers	(245,496)	(435,253)
- School secretaries	(9,311)	(7,088)
- Other instructional staff	(14,616)	(10,629)
	<u>29,546,835</u>	<u>30,636,582</u>
Instructional materials		
General supplies	293,568	353,502
Library resource materials	59,874	9,568
Teaching aids	116,289	74,256
Labrador West funds	368,272	252,876
Grenfell Library program	-	-
Other	725,186	403,777
	<u>1,563,189</u>	<u>1,093,979</u>
Instructional furniture and equipment		
Replacement	47,252	46,551
Rentals and repairs	151,890	154,197
	<u>199,142</u>	<u>200,748</u>
Instructional staff travel		
Program co-ordinators	116,537	94,966
Teachers' travel	38,891	84,829
Students' travel	2,858	15,390
Inservice and conferences	174,146	156,222
	<u>332,432</u>	<u>351,407</u>
Other instructional costs		
Postage and stationery	4,870	2,988
Francophone Board funds	17,529	22,027
	<u>22,399</u>	<u>25,015</u>
	<u>\$ 31,663,997</u>	<u>\$ 32,307,731</u>

See accompanying notes to financial statements.

**LABRADOR SCHOOL BOARD
OPERATIONS AND MAINTENANCE EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

SCHEDULE 4

	<u>2004</u>	<u>2003</u>
Salaries and benefits		
Janitorial	\$ 1,417,831	\$ 1,270,627
Maintenance	510,483	545,489
Computer technologists	305,691	289,803
Payroll tax	31,956	25,466
Electricity	400,357	381,347
Fuel	246,425	478,143
Municipal service fees	52,776	42,891
Telephone	138,639	125,655
Vehicle operating and travel	22,329	51,319
Janitorial supplies	100,157	93,488
Repairs and maintenance		
Buildings	415,936	387,625
Equipment	110,038	34,116
Contracted services		
Janitorial	34,014	183,984
Snow clearing	84,543	83,214
Mechanical, water and sewer	76,442	136,486
Instructional furniture and equipment		
Severance pay adjustment - Computer technologists	(15,880)	-
- Janitorial staff	(45,872)	(20,714)
- Maintenance staff	(12,865)	(5,770)
	<u>\$ 3,873,000</u>	<u>\$ 4,103,169</u>

See accompanying notes to financial statements.

LABRADOR SCHOOL BOARD
PUPIL TRANSPORTATION EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

SCHEDULE 5

	<u>2004</u>	<u>2003</u>
Operation and Maintenance of Board Owned Fleet		
Salaries and benefits		
Administration	\$ 92,558	\$ 78,369
Drivers and mechanics	1,231,587	1,313,818
Payroll tax	21,652	20,529
Debt repayment		
Interest	56,836	58,293
Bank charges	-	(318)
Gas and oil	186,672	206,015
Licences	23,407	20,687
Insurance	29,646	13,408
Repairs and maintenance		
Fleet	106,081	119,260
Buildings	11,808	13,280
Tires and tubes	22,887	23,986
Heat and light	10,622	14,603
Municipal service	708	99
Snow clearing	14,101	7,248
Office supplies	6,650	3,740
Rent	28,773	28,773
Travel	14,402	9,564
Professional fees	19	-
Miscellaneous	7,083	4,381
Telephone	18,819	18,827
Severance pay adjustment - Transportation staff	(29,088)	(16,322)
	<u>1,855,223</u>	<u>1,938,240</u>
Contracted services		
Handicapped busing	<u>61,804</u>	<u>59,937</u>
	<u>\$ 1,917,027</u>	<u>\$ 1,998,177</u>

See accompanying notes to financial statements.

SCHEDULE 6

**LABRADOR SCHOOL BOARD
ANCILLARY SERVICES AND MISCELLANEOUS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Ancillary services		
Operation of teachers' residences	\$ <u>127,311</u>	\$ <u>226,989</u>

See accompanying notes to financial statements.

SCHEDULE 7

LABRADOR SCHOOL BOARD
DETAILS OF PROPERTY AND EQUIPMENT
FOR THE YEAR ENDED JUNE 30, 2004

	Balance 2003	Additions	Disposals	Balance 2004
Land and sites	\$ 173,221	\$ -	\$ -	\$ 173,221
Buildings				
Schools	35,181,620	-	-	35,181,620
Administration	212,807	71,140	-	283,947
Residential	2,408,738	-	-	2,408,738
Maintenance	263,899	-	-	263,899
	<u>38,067,064</u>	<u>71,140</u>	<u>-</u>	<u>38,138,204</u>
Furniture and equipment	<u>2,852,466</u>	<u>-</u>	<u>-</u>	<u>2,852,466</u>
Pupil transportation and vehicles				
Buses	1,292,406	-	-	1,292,406
Service	89,385	-	-	89,385
	<u>1,381,791</u>	<u>-</u>	<u>-</u>	<u>1,381,791</u>
	<u>\$ 42,474,542</u>	<u>\$ 71,140</u>	<u>\$ -</u>	<u>\$ 42,545,682</u>

See accompanying notes to financial statements.

SCHEDULE 8

**LABRADOR SCHOOL BOARD
DETAILS OF LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Bank of Nova Scotia		
\$393,729, prime less 0.25% loan repayable in monthly instalments of \$2,988, matured in 2004.	\$ -	\$ 86,209
\$473,315, prime less 0.25% loan repayable in monthly instalments of \$3,287, maturing in 2011.	266,240	305,683
\$47,000, prime less 0.25% loan repayable in monthly instalments of \$196, maturing in 2019.	35,642	37,992
\$442,725, prime less 0.25% loan repayable in monthly instalments of \$3,137, maturing in 2012.	267,049	304,694
\$372,760, prime less 0.25% loan repayable in monthly instalments of \$2,689, maturing in 2012.	243,706	275,970
\$312,759, prime less 0.25% loan repayable in monthly instalments of \$2,172, maturing in 2013.	232,397	258,461
\$550,000, prime less 0.25% loan repayable in monthly instalments of \$2,292, maturing in 2022.	476,667	504,167
\$83,647, prime less 0.25% loan repayable in monthly instalments of \$581, maturing in 2014.	69,706	76,676
\$57,800, prime less 0.25% loan repayable in monthly instalments of \$963, maturing in 2008.	39,497	51,057
\$244,211, prime less 0.25% loan repayable in monthly instalments of \$1,696, maturing in 2016.	<u>228,947</u>	<u>-</u>
	1,859,851	1,900,909
	<u>204,147</u>	<u>219,655</u>
	<u>\$ 1,655,704</u>	<u>\$ 1,681,254</u>

See accompanying notes to financial statements.

SCHEDULE 8A

LABRADOR SCHOOL BOARD
SUMMARY OF LONG-TERM DEBT
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Rate</u>	<u>Balance Beginning of Year</u>	<u>Loans Obtained During Year</u>	<u>Principal Repayment for Year</u>	<u>Balance End of Year</u>
Building construction	Prime - 0.25%	\$ 86,209	\$ -	\$ 86,209	\$ -
Bus acquisition	Prime - 0.25%	305,683	-	39,443	266,240
Building construction	Prime - 0.25%	37,992	-	2,350	35,642
Bus acquisition	Prime - 0.25%	304,694	-	37,645	267,049
Bus acquisition	Prime - 0.25%	275,970	-	32,264	243,706
Bus acquisition	Prime - 0.25%	258,461	-	26,064	232,397
Building construction	Prime - 0.25%	504,167	-	27,500	476,667
Bus acquisition	Prime - 0.25%	76,676	-	6,970	69,706
Vehicle acquisition	Prime - 0.25%	51,057	-	11,560	39,497
Bus acquisition	Prime - 0.25%	<u>-</u>	<u>244,211</u>	<u>15,264</u>	<u>228,947</u>
		<u>\$ 1,900,909</u>	<u>\$ 244,211</u>	<u>\$ 285,269</u>	<u>\$ 1,859,851</u>

See accompanying notes to financial statements.

SCHEDULE 8B

**LABRADOR SCHOOL BOARD
SCHEDULE OF CURRENT MATURITIES
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Building construction \$	-	\$ -	\$ -	\$ -	\$ -
Bus acquisition	39,443	39,443	39,443	39,443	39,443
Building construction	2,350	2,350	2,350	2,350	2,350
Bus acquisition	37,645	37,645	37,645	37,645	37,645
Bus acquisition	32,263	32,263	32,263	32,263	32,263
Bus acquisition	26,063	26,063	26,063	26,063	26,063
Building construction	27,500	27,500	27,500	27,500	27,500
Bus acquisition	6,971	6,971	6,971	6,971	6,971
Vehicle acquisition	11,560	11,560	11,560	4,817	-
Bus acquisition	<u>20,352</u>	<u>20,352</u>	<u>20,352</u>	<u>20,352</u>	<u>20,352</u>
	<u>\$ 204,147</u>	<u>\$ 204,147</u>	<u>\$ 204,147</u>	<u>\$ 197,404</u>	<u>\$ 192,587</u>

See accompanying notes to financial statements.

LABRADOR SCHOOL BOARD
SCHEDULE OF INTEREST EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2004

SCHEDULE 8C

	<u>2004</u>	<u>2003</u>
Current		
Operating loans	\$ 7,200	\$ 6,761
Supplier interest charges	<u>3,182</u>	<u>(615)</u>
	<u>\$ 10,382</u>	<u>\$ 6,146</u>

See accompanying notes to financial statements.

SCHEDULE 9

**LABRADOR SCHOOL BOARD
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2004**

	<u>2004</u>	<u>2003</u>
Cash		
Current		
Cash on hand	\$ 1,165	\$ 1,200
Bank		
- General	2,594	(265,238)
- Non-teaching payroll	(61,417)	(31,429)
- Teaching payroll	(20,517)	(17,211)
Labrador West School Committee Funds in trust	93,865	92,702
Operating loan	-	(570,000)
	<u>\$ 15,690</u>	<u>\$ (789,976)</u>
Prepaid expenses		
Current		
Municipal service fees	\$ 11,844	\$ 10,965
Textbooks and school supplies	14,876	5,709
Janitorial and office supplies	3,050	2,106
Insurance	8,285	2,252
Rent	4,250	-
Salaries	38,678	-
Miscellaneous	760	750
	<u>\$ 81,743</u>	<u>\$ 21,782</u>

See accompanying notes to financial statements.

LABRADOR TRANSPORTATION INITIATIVE FUND

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Members
Labrador Transportation Initiative Fund
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Labrador Transportation Initiative Fund as at 31 March 2005 and the statements of revenue, expenses and fund balance, and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
13 May 2005

LABRADOR TRANSPORTATION INITIATIVE FUND

BALANCE SHEET

31 March

2005

2004

ASSETS

Current

Cash	\$ 384,773	\$ 49,906
Investments, at cost (Note 2)	58,834,084	79,076,408
Due from Province of Newfoundland and Labrador	-	477,392
Accrued investment income receivable	92,719	114,824

Total assets	\$ 59,311,576	\$ 79,718,530
--------------	---------------	---------------

EQUITY

Fund balance	\$ 59,311,576	\$ 79,718,530
--------------	---------------	---------------

Total equity	\$ 59,311,576	\$ 79,718,530
--------------	---------------	---------------

See accompanying notes

Signed on behalf of the Board:


Member


Member

LABRADOR TRANSPORTATION INITIATIVE FUND
STATEMENT OF REVENUE, EXPENSES AND FUND BALANCE
For the Year Ended 31 March

2005

2004

REVENUE

<u>Investment income</u>	<u>\$ 1,705,455</u>	<u>\$ 2,912,554</u>
--------------------------	---------------------	---------------------

EXPENSES

Bank charges	6,310	11,663
Funded initiatives (Note 3)	22,105,799	30,624,373
<u>Professional fees</u>	<u>300</u>	<u>300</u>

	<u>22,112,409</u>	<u>30,636,336</u>
--	-------------------	-------------------

Excess of expenses over revenue	(20,406,954)	(27,723,782)
--	---------------------	---------------------

Fund balance, beginning of year	79,718,530	107,442,312
--	-------------------	--------------------

Fund balance, end of year	\$ 59,311,576	\$ 79,718,530
----------------------------------	----------------------	----------------------

See accompanying notes

LABRADOR TRANSPORTATION INITIATIVE FUND
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2005	2004
Cash flows from operating activities		
Excess of expenses over revenue	\$ (20,406,954)	\$ (27,723,782)
Changes in non-cash working capital		
Due from Province of Newfoundland and Labrador	477,392	(477,392)
Accrued investment income receivable	22,105	(61,913)
	<u>(19,907,457)</u>	<u>(28,263,087)</u>
Cash flows from investing activities		
Purchases of investments	(590,093,975)	(586,650,514)
Maturities of investments	610,336,299	614,566,379
	<u>20,242,324</u>	<u>27,915,865</u>
Net increase (decrease) in cash	334,867	(347,222)
Cash, beginning of year	49,906	397,128
Cash, end of year	\$ 384,773	\$ 49,906

See accompanying notes

LABRADOR TRANSPORTATION INITIATIVE FUND
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Labrador Transportation Initiative Fund (the Fund) operates under the authority of the *Labrador Transportation Initiative Fund Act* enacted 19 December 1997. Its affairs are managed by a board of management (the Board) appointed by the Lieutenant-Governor in Council.

The objective of the Board is to authorize payments from the Fund to the Consolidated Revenue Fund of the Province of Newfoundland and Labrador for the construction of the Trans Labrador Highway, maintenance of marine and ferry services to Labrador, and other Labrador initiatives related to transportation which the Lieutenant-Governor in Council may approve.

1. Significant accounting policies

These financial statements have been prepared by the Board in accordance with Canadian generally accepted accounting principles.

2. Investments

Investments are valued at a cost of \$58,834,084 (2004 - \$79,076,408) which approximates market value. These investments have maturity dates ranging from 15 April 2005 to 29 April 2005 at interest rates which vary from 2.55% to 2.65%.

3. Funded initiatives

The Board approved the following initiatives for the year ended 31 March 2005:

	Approved Amount 2005	Actual Claim 2005	Adjustments Relating to 2004	Funded Initiatives 2005	Funded Initiatives 2004
	\$	\$	\$	\$	\$
Trans Labrador Highway	12,200,000	7,204,041	23,192	7,227,233	5,896,452
Environmental Impact Study	100,000	10,875	(28,466)	(17,591)	997,590
Pinsent's Arm Access Road	300,000	298,146	427	298,573	4,933,210
Purchase of Three Graders	-	-	-	-	407,380
Coastal Labrador Ferry Service	16,770,000	14,033,643	(28,875)	14,004,768	16,368,208
Provincial Roads	-	-	3,253	3,253	182,815
Ferry Terminals	750,000	578,563	11,000	589,563	1,838,718
	30,120,000	22,125,268	(19,469)	22,105,799	30,624,373

The Fund paid the claimed amount noted above to the Department of Transportation and Works representing approved costs incurred. The adjustments relating to 2004 were paid as submitted by the Department.

LABRADOR TRANSPORTATION INITIATIVE FUND
NOTES TO FINANCIAL STATEMENTS
31 March 2005

4. Related party transactions

The Fund is administered by employees of Executive Council and the Department of Finance. The costs of administration are paid directly by the departments and are not reflected in these financial statements.

Included in investment income is \$18,200 in interest earned on Province of Newfoundland and Labrador Treasury Bills.

5. Financial instruments

The Fund's financial instruments recognized in the balance sheet consist of cash, investments, and accrued investment income receivable, the carrying values of which approximate fair value due to the relatively short-term maturity associated with these instruments.

6. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

LEWISPORTE/GANDER SCHOOL DISTRICT
AUDITORS' REPORT
FINANCIAL STATEMENTS - AUGUST 31, 2004

AUDITORS' REPORT

To the Members of the **Lewisporte/Gander School District**

We have audited the balance sheet of the current and capital funds of the **Lewisporte/Gander School District** as at August 31, 2004, and the related statements of current revenues, expenditures and Board deficiency, and statement of changes in capital fund position for the fourteen months then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004, and the results of its operations and the changes in its capital financial position for the year then ended in accordance with the basis of accounting and as explained in Note 1 to the financial statements, which is in compliance with reporting requirements established for school boards in the Province of Newfoundland and Labrador by the Department of Education.

As required by Section 66(2) of the Schools Act, 1997, we report that all employees collecting, receiving and depositing cash are adequately bonded.

These financial statements, which have not been, were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are intended for the information and use of the Board and the Province of Newfoundland and Labrador and may not be appropriate for any other purpose.

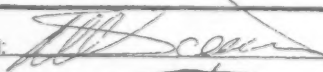
Walters Hoffe
Chartered Accountants

Gander, Newfoundland

November 16, 2004

Lewisporte/Gander School District **Balance Sheet**

August 31	2004	June 30 2003
<u>Assets</u>		
Current Assets		
Cash (Supp. Info 1)	\$ 553,172	\$ 32,174
Short Term Investments (Supp. Info 2)		
Accounts Receivable (Note 2)	1,500,962	1,449,123
Inventory, at cost	26,321	13,401
Prepaid Expenses (Supp. Info 3)	184,642	140,038
Total Current Assets	2,265,097	1,634,736
Property and Equipment (Sch. 8)	91,244,867	83,493,088
	<u>\$ 93,509,964</u>	<u>\$ 85,127,824</u>
<u>Liabilities and Board Equity</u>		
Current Liabilities		
Bank indebtedness (Note 3)	-	
Accounts Payable and Accruals (Note 4)	\$ 12,922,657	\$ 17,404,744
Current Maturities (Sch. 9B)	454,548	189,060
Total Current Liabilities	13,377,205	17,593,804
Long Term Debt (Sch. 9)	3,391,489	2,521,314
Board Equity		
Investment in Capital Assets (Note 6)	87,579,228	81,111,482
Reserve Account - Capital (Note 5)		
Reserve Account - Current (Note 5A)		
Board Deficiency (Note 9)	(10,837,958)	(16,098,776)
Total Board Equity	76,741,270	65,012,706
Commitments (Note 7)		
	<u>\$ 93,509,964</u>	<u>\$ 85,127,824</u>

Approved:  Chairperson

 Treasurer

See accompanying notes.

**Lewisporte/Gander School District
Statement of Current Revenues, Expenditures and
Board Deficiency**

Fourteen Months Ended August 31	2004	Year Ended June 30 2003
--	-------------	--

Current Revenues (Schedule 1)

Local Taxation		
Provincial Government Grants	\$ 64,904,572	\$ 54,640,035
Donations		
Ancillary Services	89,795	74,129
Miscellaneous	1,005,189	538,757
	<u>65,999,556</u>	<u>55,252,921</u>

Current Expenditures

Administration (Schedule 2)	\$ 1,621,567	1,425,280
Instruction (Schedule 3)	52,803,883	43,833,417
Operations and Maintenance (Schedule 4)	6,405,840	5,722,807
Pupil Transportation (Schedule 5)	4,954,880	4,576,433
Ancillary Services (Schedule 6)	-	-
Interest Expense (Schedule 9C)	11,432	13,942
Miscellaneous Expenses (Schedule 7)	-	673
	<u>65,797,602</u>	<u>55,572,552</u>

23 111

Excess (Deficiency) of Revenue over Expenditure		
Before Teacher Severance, Summer Pay	\$ 201,954	(319,631)
and Transfer to Capital		
Teacher Severance	(42,238)	(387,175)
Teacher Summer Pay	5,167,278	(321,434)
Transfer to Capital	<u>(66,176)</u>	<u>(34,781)</u>
Net Increase (Decrease) in Board Equity	<u>\$ 5,260,818</u>	<u>\$ (1,063,021)</u>

See accompanying notes.

**Lewisporte/Gander School District
Statement of Changes in Capital Fund**

Fourteen Months Ended August 31		Year Ended June 30	
		2004	2003
70	Capital Receipt		
71	Proceeds from Bank Loans		
011	School Construction		
012	Equipment		
013	Service Vehicles		
014	Pupil Transportation	\$ 402,200	162,030
015	Other - Energy Performance Contracting	1,196,262	653,832
72	EIC Grants		
011	School Construction and Equipment	7,014,727	106,311
012	Other		
73	Donations		
011	Cash Receipts		
012	Non-Cash Receipts		
013	Restricted Use		
74	Sale of Capital Assets Proceeds		
011	Land		
012	Buildings	29,944	36,602
013	Equipment		
014	Service Vehicles	3,074	
015	Pupil Transportation Vehicles	3,894	
016	Other		
75	Other Capital Revenues		
011	Interest on Capital Fund Investments		
012	Premiums on Debentures		
013	Recoveries of Expenditures		38,934
015	Insurance Proceeds	25,714	
017	Miscellaneous		
Total Capital Receipts			
77	Transfer from Reserve Account		
78	Transfer to/from Current Fund	66,176	34,781
Total		\$ 8,741,991	\$ 1,032,490

See accompanying notes.

**Lewisporte/Gander School District
Statement of Changes in Capital Fund (cont'd)**

Fourteen Months Ended August 31		Year Ended June 30	
		2004	2003
80	Capital Disbursements		
81	Additions to Property and Equipment		
011	Land and Sites	\$ 2,557	\$ 30,854
012	Building	8,256,839	826,107
013	Furniture and Equipment - School	56,695	1,154
014	Furniture and Equipment - Other	550	572
015	Services Vehicles	23,150	
016	Pupil Transportation	402,200	171,855
017	Other		
82	Principal Repayment of Loans		
011	School Construction		
012	Equipment		
013	Services Vehicles		1,948
014	Other		
83	Miscellaneous Disbursements		
013	Other		
Total Capital Disbursements		<u>\$ 8,741,991</u>	<u>\$ 1,032,490</u>

See accompanying notes.

Lewisporte/Gander School District Notes to the Financial Statements

August 31, 2004

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self-balancing group of accounts is provided for each fund." It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenue while those from the Newfoundland and Labrador Education Investment Corporation are mostly recorded as capital revenues.
- b) Land, buildings and equipment are recorded in the accounts based on estimated values at January 1, 1997. Additions since that date are recorded at full cost in the capital fund.
- c) The Board does not calculate or record depreciation on any of its fixed assets.
- d) All capital expenditures financed out of current revenue funds are recorded as an expenditure in the current account.
- e) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

Severance Pay

The Board has in effect severance pay policies whereby non-teaching staff employees are entitled to a severance payment upon leaving employment with the Board. Under these policies, a permanent employee who has nine (9) or more years of continuous service in the employ of the School Board is entitled to be paid on resignation, retirement, termination by reasons of disability, expiry of recall rights, or in the event of death, to the employee's estate, severance pay equal to the amount obtained by multiplying the number of completed years of continuous employment by his weekly salary to a maximum of twenty (20) weeks pay. This liability for severance pay has been accrued in the accounts for all employees who have a vested right to receive such payments.

Severance pay for teachers is paid through the Department of Education. An amount of \$ 949,484 has been paid during the 2003-04 fiscal period and is included in employee benefits for teachers.

Lewisporte/Gander School District
Notes to the Financial Statements

August 31, 2004

	<u>2004</u>	<u>June 30 2003</u>
2. Accounts Receivable		
<u>Current</u>		
11 131 Provincial Government Grant	\$ 788,544	\$ 867,676
132 Transportation	174,785	137,268
133 Federal Government		
134 School Taxes		
136 Other School Boards		
137 Rent		
138 Interest		
139 Travel Advances and Misc.	312,898	93,682
<u>Capital</u>		
11 231 SCB - Construction Grants	44,338	
233 Local Contributions		
234 Other School Boards		
235 Other - Department of Education	180,397	350,497
	1,500,962	1,449,123
Less: Allowance for uncollectible Government grants		
	<u>\$ 1,500,962</u>	<u>\$ 1,449,123</u>

3. Bank Indebtedness - Current

21 131 On Operating Credit	<u> </u>	<u> </u>
132 On Current Account	<u> </u>	<u> </u>
	\$ -	\$ -

**Lewisporte/Gander School District
Notes to the Financial Statements**

August 31, 2004

		2004	June 30 2003
4. Accounts Payable and Accruals			
<u>Current</u>			
21 111 Trade Payables	\$	1,096,612	\$ 977,648
112 Accrued - Liabilities		20,892	15,397
113 - Interest		-	1,513
114 - Wages		163,473	336,897
115 Payroll Deductions		50,823	89,427
116 Retail Sales Tax			
117 Deferred Grants		742,626	71,766
118 Other		14,157	14,157
119 Severance Pay - Regular		1,533,841	1,472,767
- Teacher		9,300,133	9,257,895
Summer Pay - Teacher			5,167,277
<u>Capital</u>			
21 211 Trade Payables			
212 Accrued - Liabilities			
213 - Interest			
217 Deferred Grants			
218 Other			
	\$	12,922,657	\$ 17,404,744

5. Reserve Account - Capital

Description:

Balance, beginning of period	\$	-	\$ 160,409
Less: Transfer to Capital Fund			160,409
Add: Transfer from Board Equity			
Balance, end of period	\$	-	\$ -

**Lewisporte/Gander School District
Notes to the Financial Statements**

August 31, 2004

	<u>August 31 2004</u>	<u>June 30 2003</u>
5A. Reserve Account - Current		
Description:		
Balance, beginning of period	\$ -	\$ -
Less: Current Expenditures		
Add: Transfer from Board Equity		
Balance, end of period	<u>\$ -</u>	<u>\$ -</u>

**Lewisporte/Gander School District
Notes to the Financial Statements**

August 31, 2004

	<u>2004</u>	<u>June 30 2003</u>
6. Investment in Capital Assets		
Investment in Capital Assets, balance beginning of period	\$ 81,111,482	\$ 80,726,658
Transfer of Operating Funds to Capital Fund	66,176	34,781
Transfer from Reserve		
Grants - SCB - Contribution for Capital Fund	7,014,727	106,311
- Other		38,934
Proceeds from Insurance	25,714	
Proceeds from Sale of Capital Assets		
- Land		
- Buildings	29,944	36,602
- Vehicles	6,968	
	<u>88,255,011</u>	<u>80,943,286</u>
Deduct Adjustments:		
Cost of Assets Sold		
- Land		(1,323)
- Buildings	(425,817)	(13,915)
- Busses	(437,953)	
- Service Vehicles	(126,443)	
	<u>(990,213)</u>	<u>(15,238)</u>
Other - Pupil transportation loan payments made by current fund	252,620	183,434
Energy Performance loan payments made by current fund	61,810	
23 221 Investment in Capital Assets, end of period	<u>\$ 87,579,228</u>	<u>\$ 81,111,482</u>

Lewisporte/Gander School District Notes to the Financial Statements

August 31, 2004

7. Commitments

At balance sheet date, the Lewisporte/Gander School District was committed to the following equipment leases:

Photocopiers and Office Equipment:

\$621 quarterly, including HST, expires October, 2004
\$6,380 monthly, including HST for 10 months of each year, expires June, 2006
\$628 quarterly, including HST, expires April, 2006

8. School Board Restructuring

In the Provincial Budget Speech of March 30, 2004, the Provincial Government announced the restructuring of school boards on the island portion of the province effective September 1, 2004.

As a result, the fiscal year for the Lewisporte/Gander School District was extended to August 31st, 2004. The Financial Statements were prepared for the 14 month period from July 1, 2003 to August 31, 2004.

Lewisporte/Gander School District
Notes to the Financial Statements

August 31, 2004

	<u>August 31</u> <u>2004</u>	<u>June 30</u> <u>2003</u>
9. Board Deficiency		
Opening Board deficiency as previously stated	\$ (16,098,776)	\$ (10,189,912)
Prior Year Adjustments:		
Summer Pay Liability Adjustment June 30/01		(4,580,000)
Summer Pay Liability Adjustment June 30/02		<u>(265,843)</u>
As Restated	(16,098,776)	(15,035,755)
Net increase(decrease) in Board Equity (Page 5)	<u>5,260,818</u>	<u>(1,063,021)</u>
Board Deficiency, end of period	<u>\$ (10,837,958)</u>	<u>\$ (16,098,776)</u>

**Lewisporte/Gander School District
Notes to the Financial Statements**

August 31, 2004

10. Department of Education Receivables and Payables

As at August 31, 2004 the Board has recorded the following receivables from the Newfoundland Provincial Government Department of Education.

Accounts Receivable - Current

Amounts due re: School Operations	\$	185,093
Amounts due re: Water Delivery		14,982
Amounts due re: Insurance - Carmanville		262,728
Amounts due re: Insurance - Eastport		102,338
Amounts due re: Transportation		223,403
	\$	<u>788,544</u>

Accounts Receivable - Capital

Amounts due re: Lewisporte Collegiate - Structural	\$	<u>44,338</u>
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Accounts Payable

Amounts due re: Transportation	\$	48,537
Amounts due re: Teachers Payroll		3,173
	\$	<u>51,710</u>

**Lewisporte/Gander School District
Current Revenues**

Schedule 1

		Year Ended	
		June 30	
Fourteen Months Ended August 31	2004	2003	

Current Revenues

31	010	Local Taxation		
	011	School Taxes		
32	010	Provincial Government Grants		
	011	Regular Operating Grants	\$ 9,321,999	\$ 7,839,600
	012	Special Grants (Details on bottom of Schedule 1)	448,356	605,002
	013	Payroll Tax	836,060	696,396
		Salaries and Benefits		
	017	Directors and Assistant Directors	343,503	341,187
	021	Regular Teachers	46,446,772	38,436,484
	021	Student Assistants	1,099,697	1,024,679
	022	Substitute Teachers	1,626,588	1,336,891
	030	Pupil Transportation		
	031	Board Owned	4,506,857	4,111,781
	032	Contracted	59,824	58,726
	033	Special Needs	214,916	189,289
	034	Other - Employee Benefits		
			<u>64,904,572</u>	<u>54,640,035</u>
33	010	Donations		
	012	Cash Receipts	-	
	013	Non Cash Receipts	-	
	014	Restricted Use	-	
34	010	Ancillary Services		
	011	Revenue from Rental of Residences		
	015	Interest on Schools		
	021	Revenues from Rental of Schools and Facilities (Net)	36,941	17,300
	022	Internally Generated Funds - Snow Clearing and Other Incentives	52,854	56,829
	031	Cafeterias		
	032	Other		
			<u>89,795</u>	<u>74,129</u>

**Lewisporte/Gander School District
Current Revenues**

Schedule 1 (cont'd)

		Year Ended	
Fourteen Months Ended August 31		June 30	2003
		2004	
Current Revenues			
35 010	Miscellaneous		
011	Interest on Investments	29,973	24,449
012	Bus Charters		
	Regular	96,170	105,833
	Lunch Hour Runs	73,219	73,991
015	Institutes	7,066	
021	Recoveries of Expenditures	5,042	28,146
022	MUN Grant		
	Internship Program	12,235	7,025
	STEMNET	5,615	9,069
	Intensive French		
031	Revenues from Other School Boards		
051	Insurance Proceeds	350,334	8,234
061	Bilingual Education Revenue		
071	Operating Revenues from Native Peoples Grant		
081	Miscellaneous Federal Grant	50,497	145,627
091	Textbooks	310,599	135,364
092	Sundry	64,439	1,019
		<u>1,005,189</u>	<u>538,757</u>
36 011	Transfer from Capital		
	Total Current Revenues	<u>\$ 65,999,556</u>	<u>\$ 55,252,921</u>

Lewisporte/Gander School District
Current Revenues

Schedule 1 (cont'd)

August 31, 2004	August 31 2004	June 30 2003
<u>Special Grants</u>		
French Monitor	17,530	\$ 11,468
Core French	1,295	2,604
French - Immersion	-	73
French Teacher Aide	8,780	9,718
Intensive French	14,120	5,268
French Enrichment	14,016	
Textbook 8% Reimbursement	15,875	6,996
Textbook Replacement Savings	8,731	7,578
Diverse Learning	-	10,000
JCA Loan Interest	10,779	12,859
Water Delivery	23,978	29,755
District Shutdowns	-	27,500
Utilities	185,093	226,192
Tutor Training	5,103	7,087
Salary Reclassifications	47,222	
Kinderstart	7,632	7,400
Strategic Plan - Bussing Pilot	6,634	
Speech Language Pathology Sessions	-	2,462
First Steps	4,354	
Distance Education - Pilot	-	15,589
Tutoring/Work Experience	6,986	10,038
Tutoring/Work Experience - CDLI	6,303	3,587
Leadership at Work	-	5,000
CDLI	27,171	40,584
Smallwood Academy Oil Spill	36,754	163,244
	\$ 448,356	\$ 605,002

**Lewisporte/Gander School District
Administration Expenditures**

Schedule 2

		Year Ended	
		June 30	
Fourteen Months Ended August 31		2003	
	2004		
51 011 Salaries and Benefits - Director and Assistant Directors	\$ 395,665	\$	355,281
012 Salaries and Benefits - Board Office Personnel	848,250		745,927
013 Office Supplies	19,649		26,797
014 Replacement Furniture and Equipment	23,074		17,908
015 Postage	14,919		14,570
016 Telephone	37,429		34,735
017 Office Equipment Rentals and Repairs	13,686		16,230
018 Bank Charges			
019 Electricity	15,815		14,697
021 Fuel			
022 Insurance			1,094
023 Repairs and Maintenance (Office Building)	7,919		11,218
024 Travel	38,262		48,050
025 Board Meeting Expenses	41,738		24,276
026 Election Expenses			
027 Professional Fees	22,365		29,666
028 Advertising	24,895		20,755
029 Membership Dues	41,300		40,909
034 Miscellaneous	61,696		12,068
035 Payroll Tax	14,905		11,099
Total Administration Expenditures	\$ 1,621,567	\$	1,425,280

Lewisporte/Gander School District
Instruction Expenditures

Schedule 3

Fourteen Months Ended August 31		Year Ended June 30	
		2004	2003
52 010	Instructional Salaries (Gross)		
011	Teachers' Salaries - Regular	\$ 39,104,767	\$ 32,441,747
012	- Substitute	1,634,032	1,302,176
013	- Board Paid	80,504	75,035
013	- Student Assistants	1,087,399	1,008,348
014	Augmentation		
015	Employee Benefits	7,317,050	5,994,951
016	School Secretaries - Salaries and Benefits	875,587	874,652
017	Payroll Tax	849,974	710,304
018	Other French Monitor	18,662	
018	Teacher Aid	8,760	
018	IMC Salary	31,845	31,753
		<u>51,008,600</u>	<u>42,438,966</u>
52 040	Instructional Materials		
041	General Supplies	403,108	273,491
042	Library Resource Materials	27,146	35,555
043	Teaching Aids	286,409	248,658
044	Textbooks	315,330	135,163
		<u>1,031,993</u>	<u>692,867</u>
52 060	Instructional Furniture and Equipment		
061	Replacement	146,095	100,227
062	Rentals and Repairs	130,385	103,842
		<u>276,480</u>	<u>204,069</u>
52 080	Instructional Staff Travel		
081	Program Co-ordinators	35,026	32,814
082	Teachers' Travel	98,531	94,571
083	Inservice and Conferences	89,796	95,701
		<u>223,353</u>	<u>223,086</u>
090	Other Instructional Costs		
52 091	Postage and Stationary		
092	Miscellaneous	263,457	274,429
		<u>263,457</u>	<u>274,429</u>
		<u>\$ 52,803,883</u>	<u>\$ 43,833,417</u>

Lewisporte/Gander School District
Operations and Maintenance Expenditures - Schools

Schedule 4

		Year Ended	
		2004	2003
Fourteen Months Ended August 31			June 30
			2003
53 011	Salaries and Benefits - Janitorial	\$ 1,995,317	\$ 1,768,318
012	Salaries and Benefits - Maintenance	948,265	777,052
013	Payroll Tax	46,750	22,404
014	Electricity	1,468,113	1,387,126
015	Fuel	202,070	268,318
016	Municipal Service Fees	71,265	67,570
017	Telephone	254,178	249,371
018	Vehicle Operating and Travel	67,330	52,918
019	Janitorial Supplies	147,065	144,081
021	Janitorial Equipment	11,552	9,105
022	Repairs and Maintenance - Building	555,831	546,174
023	- Equipment	7,489	15,618
024	Contracted Services - Janitorial	4,950	4,850
025	Snow Clearing	234,514	194,508
027	Other	391,151	215,394
Total Operations and Maintenance Expenditures		\$ 6,405,840	\$ 5,722,807

**Lewisporte/Gander School District
Pupil Transportation Expenditures**

Schedule 5

		Year Ended	
		June 30	2003
Fourteen Months Ended August 31		2004	
54 010	Operation and Maintenance of Board Owned Fleet		
011	Salaries and Benefits - Administration	\$ 82,133	\$ 84,234
012	Salaries and Benefits - Drivers and Mechanics	2,979,959	2,831,501
013	Payroll Tax	48,566	45,009
014	Debt Repayment - Interest	85,826	68,619
015	- Principal	252,620	183,434
016	Bank Charges		
017	Gas and Oil	426,960	474,652
018	Licences	95,970	62,357
019	Insurance	95,421	39,388
021	Repairs and Maintenance - Fleet	421,845	369,871
022	- Building	36,388	35,781
023	Tires and Tubes	49,700	35,874
024	Heat and Light	25,991	32,250
025	Municipal Services	439	
026	Snow Clearing	17,891	14,333
027	Office Supplies	9,654	8,244
029	Travel	2,031	7,313
031	Professional Fees	8,323	4,277
032	Miscellaneous	12,716	9,077
033	Telephone	27,707	22,204
		<u>\$ 4,680,140</u>	<u>\$ 4,328,418</u>
54 040	Contracted Services		
041	Regular Transportation	\$ 59,824	58,726
042	Handicapped	\$ 214,916	189,289
		<u>274,740</u>	<u>248,015</u>
Total Pupil Transportation Expenditures		<u>\$ 4,954,880</u>	<u>\$ 4,576,433</u>

**Lewisporte/Gander School District
Ancillary Services and Miscellaneous Expenses**

		Year Ended
		June 30
Fourteen Months Ended August 31	2004	2003

Ancillary Services

Schedule 6

55	Ancillary Services		
011	Operations of Teachers' Residence	\$ -	\$ -
013	Janitorial		
031	Cafeterias		
032	Other		
		<u>\$ -</u>	<u>\$ -</u>

Miscellaneous Expenses

Schedule 7

The Board has incurred the following miscellaneous expenses:

57 001	Miscellaneous		673
		<u>\$ -</u>	<u>\$ 673</u>

**Lewisporte/Gander School District
Details of Property and Equipment**

Schedule B

Fourteen Months Ended August 31

	Balance June 30/03	Transfer Current Year	Additions 2004	Transfer Current Year	Disposals 2004	Balance August 31, 2004
Land and Sites						
12 210 Land and Sites						
211 Land and Sites	470,671		2,557			473,228
12 212 Land Improvements	470,671	-	2,557		-	473,228
12 220 Buildings						
221 Schools	66,357,327		8,245,828		425,817	74,177,338
222 Administration	658,039		6,542			664,581
223 Residential						-
224 Recreation						-
225 Other - Maintenance	136,323					136,323
	67,151,689	-	8,252,370	-	425,817	74,978,242
12 230 Furniture & Equipment						
231 Schools	7,184,832		61,165			7,246,797
232 Administration	423,560		550			424,110
233 Residential						-
234 Recreation						-
235 Other - Maintenance	14,080					14,080
	7,622,272	-	61,715	-	-	7,683,987
12 240 Vehicles						
241 Service Vehicles	236,519	28,000			98,284	166,235
12 250 Pupil Transportation						
251 Land	32,811					32,811
252 Building	534,481					534,481
253 Vehicles - Buses	7,244,382		402,200	28,000	437,953	7,180,629
254 - Service	149,353		23,150		28,159	144,344
255 Equipment	50,262					50,262
256 Other						-
	8,011,289	-	425,350	28,000	466,112	7,942,527
12 260 Miscellaneous Capital Assets						
261 Other	648					648
Total Property & Equipment	\$ 83,493,088	\$ 28,000	\$ 8,741,992	\$ 28,000	\$ 990,213	\$ 91,244,867

Land, buildings and equipment have been recorded in the accounts at estimated values at January 1, 1997. Additions since that date have been recorded at cost. Lands and sites on which some of the buildings are erected are vested in the former school boards or denominational education councils or churches. All real and personal property used for the purpose of education by Lewisporte/Gander School District #6 will be subject to the terms and conditions contained in Section 84 of the 1997 Schools Act.

Lewisporte/Gander School District
Details of Long Term Debt

Schedule 9

<u>August 31, 2004</u>	<u>2004</u>	<u>June 30</u> <u>2003</u>
Bank loans, mortgages and debentures, approved by the Board and the Government of Newfoundland and Labrador		
22 210 Loans Other Than Pupil Transportation		
<u>Ref. #</u>		
211 Bank Loans		
<u>Repayable \$ 15,452</u> monthly, maturing <u>2015</u>	\$ 1,788,284	653,832
<u>Repayable \$</u> monthly, maturing		
<u>Repayable \$</u> monthly, maturing		
<u>Repayable \$</u> monthly, maturing		
<u>Repayable \$</u> monthly, maturing		
Total 211	<u>\$ 1,788,284</u>	<u>\$ 653,832</u>
212 Mortgages		
<u>Repayable \$</u> monthly, maturing		
<u>Repayable \$</u> monthly, maturing		
<u>Repayable \$</u> monthly, maturing		
Total 212		
213 Debentures		
<u>Repayable \$</u> monthly, maturing		
<u>Repayable \$</u> monthly, maturing		
Total 213		
214 Other - JCA		
<u>Repayable \$3,758</u> monthly, maturing 2008	<u>180,398</u>	<u>328,768</u>
Subtotal	<u>180,398</u>	<u>328,768</u>
215 Less: Current Maturities	<u>230,520</u>	
Total Loans Other Than Pupil Transportation	<u>\$ 1,738,162</u>	<u>\$ 982,600</u>

Lewisporte/Gander School District
Details of Long Term Debt

Schedule 9 (cont'd)

August 31, 2004	2004	June 30 2003
22 220 Loans - Pupil Transportation		
<u>Ref.#</u>		
221 Vehicle Bank Loans		
Prime-5/8% Repayable <u>\$2,677</u> monthly, maturing <u>2011</u>	\$ 211,489	\$ 248,968
Prime-5/8% Repayable <u>\$1,537</u> monthly, maturing <u>2011</u>	132,202	153,723
Prime-5/8% Repayable <u>\$3,648</u> monthly, maturing <u>2012</u>	339,235	390,302
Prime-5/8% Repayable <u>\$6,277</u> monthly, maturing <u>2013</u>	671,648	759,527
Prime-5/8% Repayable <u>\$ 491</u> monthly, maturing <u>2007</u>	14,230	21,100
Prime-5/8% Repayable <u>\$1,125</u> monthly, maturing <u>2014</u>	138,401	154,154
Prime-5/8% Repayable <u>\$2,914</u> monthly, maturing <u>2015</u>	370,150	
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Total 221	1,877,355	\$ 1,727,774
222 Land, Building and Equipment Bank Loans		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Repayable \$ _____ monthly, maturing _____		
Total 222		
Subtotal	1,877,355	1,727,774
223 Less: Current Maturities	224,028	189,060
Total Loans - Pupil Transportation	1,653,327	1,538,714
Total Long Term Debt	3,391,489	2,521,314

**Lewisporte/Gander School District
Summary of Long Term Debt**

Schedule 9A

August 31, 2004

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance June 30 2003</u>	<u>Loans Obtained During Period</u>	<u>Principal Repayment for Period</u>	<u>Balance August 31 2004</u>
A) School Construction		Prime - 5/8%	\$ 328,768		148,370	\$ 180,398
B) Equipment						
C) Service Vehicle						
D) Other - Energy Performance Contracting		Prime - 5/8%	653,832	1,196,262	61,810	1,788,284
E) Pupil Transportation		Prime - 5/8%	1,727,774	402,200	252,619	1,877,355
Total Loans			\$ 2,710,374	\$ 1,598,462	\$ 462,799	\$ 3,846,037
Less: Current Maturities			\$ 454,548			454,548
Total Loans			\$ 2,255,826	\$ 1,598,462	\$ 462,799	\$ 3,391,489

**Lewisporte/Gander School District
Schedule of Current Maturities**

Schedule 9B

August 31, 2004

Description	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
A) School Construction	\$ 230,520	230,530	230,530	192,950	185,434
B) Equipment					
C) Service Vehicles					
D) Other					
E) Pupil Transportation	<u>224,028</u>	<u>224,028</u>	<u>224,028</u>	<u>224,028</u>	<u>224,028</u>
Total	<u>\$ 454,548</u>	<u>\$ 454,558</u>	<u>\$ 454,558</u>	<u>\$ 416,978</u>	<u>\$ 409,462</u>

**Lewisporte/Gander School District
Schedule of Interest Expenses**

Schedule 9C

		Year Ended
		June 30
Fourteen Months Ended August 31	2004	2003
<u>Description</u>		
012 Capital		
School Construction	\$ 10,779	12,810
Equipment		
Service Vehicles		
Other		
Pupil Transportation	85,826	68,619
Total Capital	96,605	81,429
013 Current - Operating Loans	653	1,132
- Supplier Interest Charges		
Total Current	653	1,132
Total Interest Expense	\$ 97,258	\$ 82,561

**Lewisporte/Gander School District
Supplementary Information**

August 31, 2004		2004	June 30 2003
1.	<u>Cash</u>		
	<u>Current</u>		
11 110	Cash on Hand and in Bank		
111	Cash on Hand	\$ 460	460
112	Bank - Current	541,779	21,840
113	- Savings		
114	- Teachers' Payroll	(767)	(1,826)
115	- Non Teachers' Payroll		
116	- Coupon (debenture)		
121	- Other-Trust Fund	11,700	11,700
	<u>Capital</u>		
11 210	Cash on Hand and in Bank		
211	Cash on Hand		
212	Bank - Current		
213	- Savings		
214	- Other		
	Total Cash on Hand and in Bank	\$ 553,172	32,174
2.	<u>Short Term Investments</u>		
	<u>Current</u>		
11 121	Term Deposits		
122	Canada Savings Bonds		
123	Other		
	<u>Capital</u>		
11 221	Term Deposits		
222	Canada Savings Bonds		
223	Other		
	Total Short Term Investments		

**Lewisporte/Gander School District
Supplementary Information (Cont')**

August 31, 2004		2004	June 30 2003
3.	<u>Prepaid Expenses</u>		
	<u>Current</u>		
11 141	Insurance		
142	Municipal Service Fees		
143	Supplies		6,664
144	Other - WCB	\$ 107,008	102,289
	- Travel		12,249
	- Miscellaneous		16,836
	<u>Capital</u>		
11 241	Other (Energy Performance)	<u>77,634</u>	
		<u>\$ 184,642</u>	<u>140,038</u>

**LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
FINANCIAL STATEMENTS
31 MARCH 2005**



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Livestock Owners Compensation Board
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2005 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Livestock Owners Compensation Board, Livestock Owners Compensation Fund as at 31 March 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
14 June 2005

**LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
BALANCE SHEET**

31 March

2005

2004

ASSETS

Current

Cash	\$ 16,290	\$ 15,464
Accounts receivable	837	845
	<u>\$ 17,127</u>	<u>\$ 16,309</u>

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$ 944	\$ 944
--	--------	--------

Equity

Contributions – Province of Newfoundland and Labrador	78,895	78,895
Deficit	(62,712)	(63,530)
	<u>16,183</u>	<u>15,365</u>
	<u>\$ 17,127</u>	<u>\$ 16,309</u>

See accompanying notes

Signed on behalf of the Board:

C. MacDermid

Chairperson

[Signature]
Member

**LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March**

2005

2004

REVENUES

Province of Newfoundland and Labrador

Payments on behalf of the Board
for administration (Note 2)

\$ 1,100

\$ 1,100

Premiums from livestock owners

1,724

2,113

2,824

3,213

EXPENSES

Bank charges

60

32

Indemnity claims

846

4,437

Professional services (Note 2)

1,100

1,100

2,006

5,569

Excess of revenues over expenses
(expenses over revenues)

818

(2,356)

Deficit, beginning of year

(63,530)

(61,174)

Deficit, end of year

\$ (62,712)

\$ (63,530)

See accompanying notes

**LIVESTOCK OWNERS COMPENSATION BOARD
LIVESTOCK OWNERS COMPENSATION FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2005**

Authority

The Livestock Owners Compensation Board (the Board) operates under the authority of the *Livestock Insurance Act*. The purpose of the Board is to operate the Livestock Owners Compensation Fund to provide insurance to farmers of the Province to restrict the amount of livestock loss. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Livestock Owners Compensation Fund.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Administration expenses

The Board is administered by employees of the Department of Natural Resources. The Province, represented by the Department, is responsible for the costs of administration of the Board. The costs which are paid directly by the Province on behalf of the Board are not reflected in these financial statements, except for expenses of \$1,100 (2004 - \$1,100) relating to professional services.

3. Economic dependence

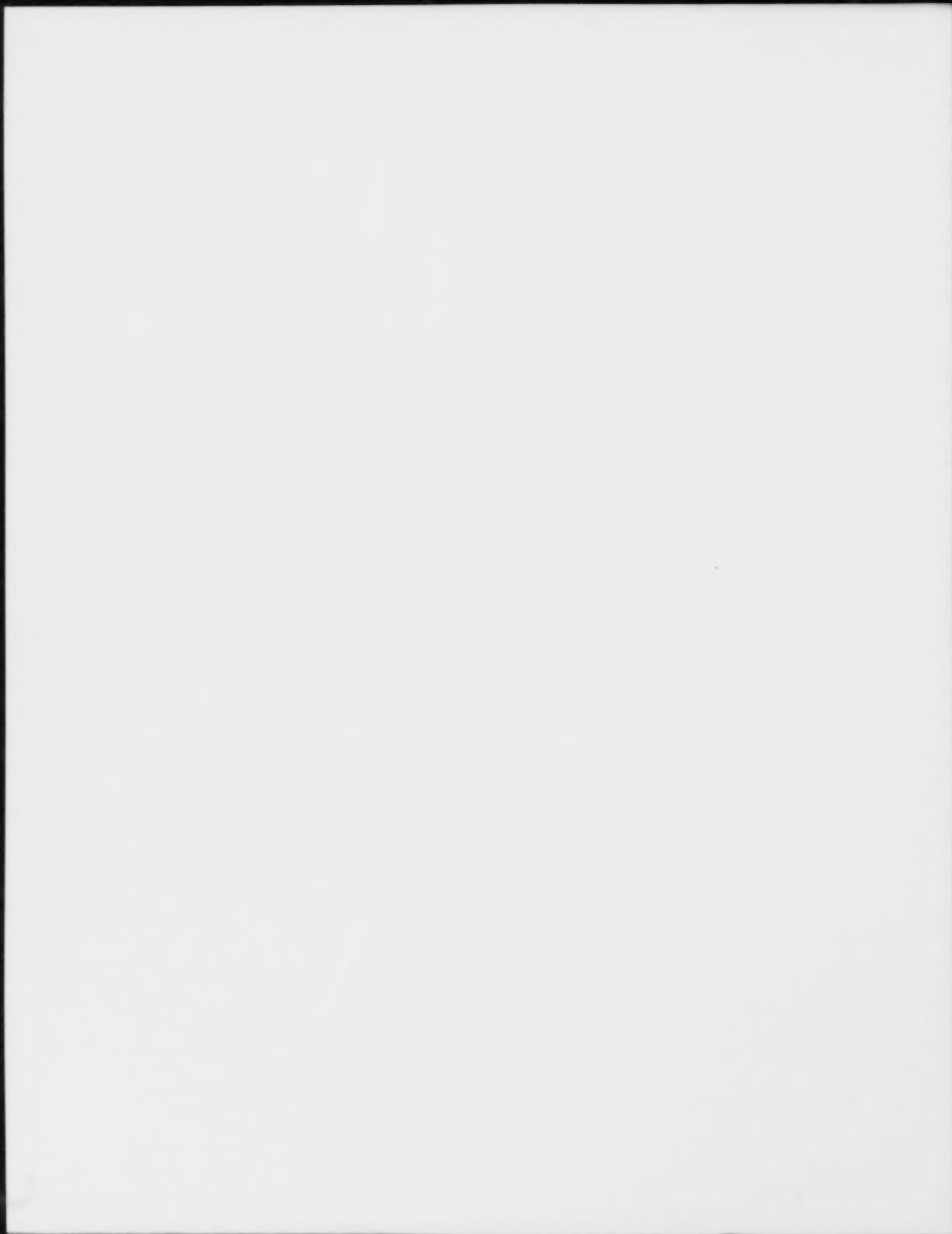
As a result of the Board's reliance on Provincial funding to meet its administrative costs, the Board's ability to continue viable operations is dependent upon continued funding from the Province.

4. Financial instruments

The Board's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

5. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.



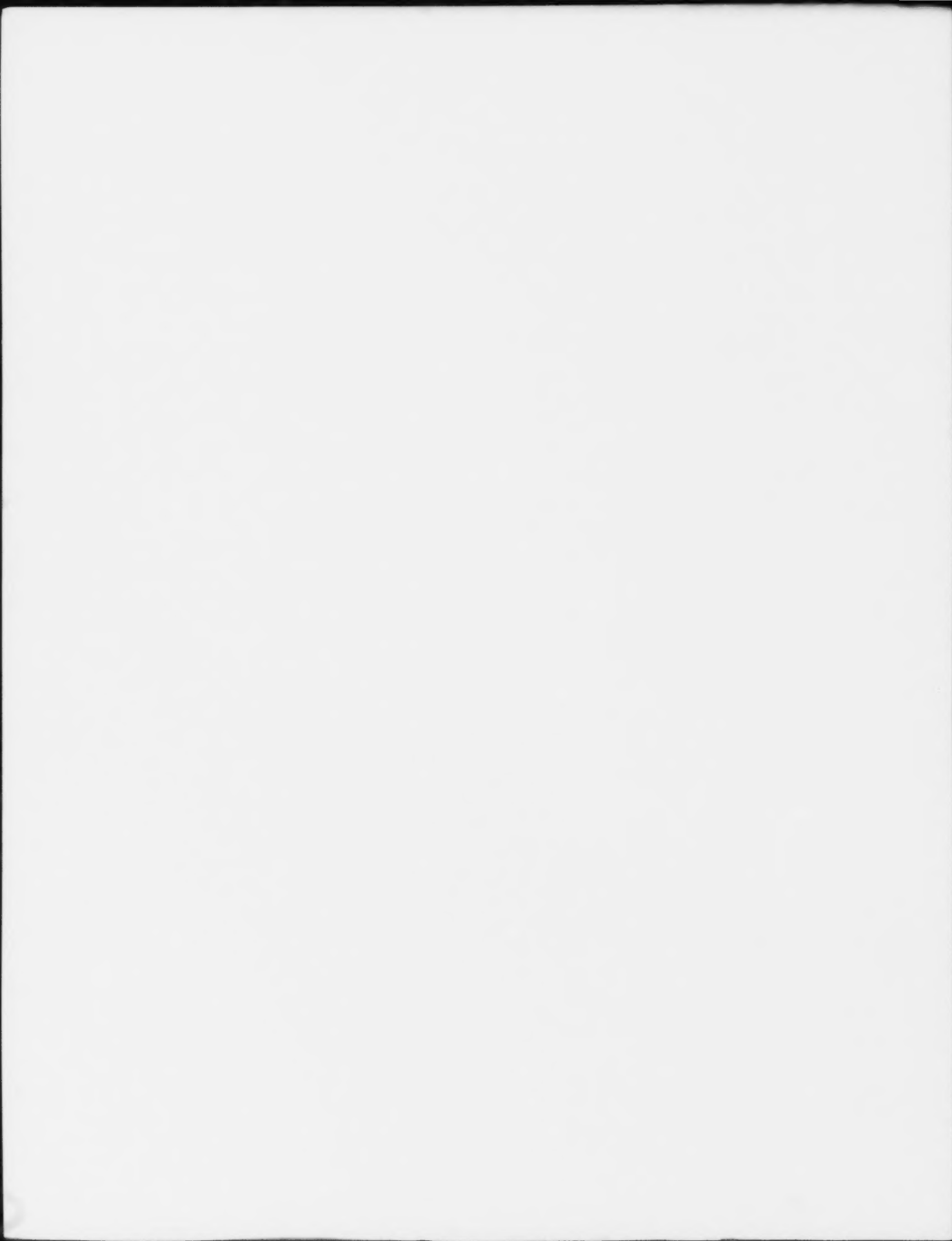


**Province of Newfoundland
and Labrador**

**Public Accounts
Volume IV (M - Z)**

**Financial Statements of
Crown Corporations,
Boards and Authorities**

**For The Year Ended
31 March 2005**





Province of Newfoundland and Labrador

Public Accounts

Volume IV (M - Z)

**Financial Statements of Crown Corporations,
Boards and Authorities**

**For The Year Ended
31 March 2005**

INTRODUCTION

The reproduction of the available financial statements of Crown Corporations, Boards and Authorities are presented through the publication of the Public Accounts, Volume IV. This Volume is produced alphabetically in two books, A to L and M to Z. The fiscal years noted in the table of contents are based on the fiscal year end of the organization.

The Public Accounts for the year ended 31 March 2005 consists of three other volumes:

Volume I – Consolidated Summary Financial Statements presents the summary financial statements which consolidate the financial statements of the Consolidated Revenue Fund with the financial statements of various Crown Corporations, Boards and Authorities, as approved by Treasury Board, which are controlled by the Government of Newfoundland and Labrador.

Volume II – Consolidated Revenue Fund Financial Statements presents the financial position of the Fund and the results of its activities.

Volume III – Consolidated Revenue Fund Supplementary Statements and Schedules presents the unaudited summary statements, detailed departmental statements, schedules and notes of the Fund and are prepared on a basis consistent with the Estimates of the Province.

The Public Accounts of the Province are tabled in the House of Assembly in accordance with Section 60 of the *Financial Administration Act*.

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Health Labrador Corporation	2005	481
Heritage Foundation of Newfoundland and Labrador	2005	491
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Janeway Children's Hospital Foundation	2004	513
	2005	525
Labrador School Board	2004	539
Labrador Transportation Initiative Fund	2005	561
Lewisporte/Gander School District	2004	569
Livestock Owners Compensation Board	2005	599
Marble Mountain Development Corporation	2005	605
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Newfoundland and Labrador Crop Insurance Agency	2005	675
Newfoundland and Labrador Education Investment Corporation	2005	683
Newfoundland and Labrador Farm Products Corporation	2005	689
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Newfoundland and Labrador Heritage Corporation	2005	713
Newfoundland and Labrador Housing Corporation	2005	719
Newfoundland and Labrador Hydro	2004	737
Newfoundland and Labrador Industrial Development Corporation	2005	753
Newfoundland and Labrador Legal Aid Commission	2004	763
Newfoundland and Labrador Liquor Corporation	2005	773
Newfoundland and Labrador Municipal Financing Corporation	2005	785
Newfoundland and Labrador Student Investment and Opportunity Corporation	2005	799
Newfoundland Cancer Treatment and Research Foundation	2005	805
Newfoundland Hardwoods Limited	2005	829
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	2004	939
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Provincial Information and Library Resources Board	2005	975
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Public Accountants Licensing Board	2004	995
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St. John's Regional Health and Community Services Board	2005	1055
Student Loan Corporation of Newfoundland and Labrador	2005	1067
The Rooms Corporation of Newfoundland and Labrador Inc.	2004	1075
	2005	1085
Vista School District	2004	1095
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	2005	1133
Western Health Care Corporation	2005	1143
Western Regional Health and Community Services Board	2005	1157
Workplace Health, Safety and Compensation Commission	2004	1179

The financial statements of the following agencies were not received in time for inclusion in this volume.

NAME	Year
Avalon East School Board	2004
Bull Arm Site Corporation	2005
Grenfell Foundation, Inc.	2005
Health Care Foundation of St. John's Inc.	2005
Newfoundland and Labrador Government Sinking Fund	2005
Newfoundland and Labrador Petroleum Products Pricing Commission	2004
Newfoundland and Labrador Legal Aid Commission	2005
Newfoundland Government Fund Limited	2004

**MARBLE MOUNTAIN DEVELOPMENT
CORPORATION**

AUDITED FINANCIAL STATEMENTS

April 30, 2005

SQUIRE & HYNES

Chartered Accountants

57 Park Street, P.O. Box 248
Corner Brook, Newfoundland, A2H 6C9
Tel: (709) 634-8256 Fax: (709) 639-1647 email: accountants@squirehynes.ca

AUDITORS' REPORT

To the Directors of
Marble Mountain Development Corporation

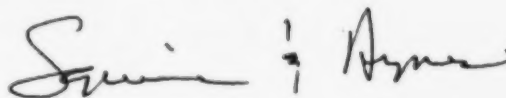
We have audited the balance sheet of Marble Mountain Development Corporation as at April 30, 2005 and the statements of revenue, expenditures and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall financial statement presentation.

The Corporation's policy is not to amortize its property, plant and equipment. Canadian generally accepted accounting principles require that property, plant and equipment with a limited life held by not-for-profit organizations be amortized over their useful lives. The Corporation's policy is not to amortize its government assistance relating to the purchase of property, plant and equipment. Canadian generally accepted accounting principles require that government assistance be amortized on the same basis as the amortization expense of the related property, plant and equipment to which it relates.

In our opinion, except for the effects of the above as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at April 30, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

June 10, 2005



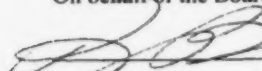
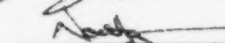
Richard C. Squire, C.A., C.B.V.
Kenneth L. Hynes, C.A.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

BALANCE SHEET
As at April 30, 2005

	2005	2004
ASSETS	\$	\$
CURRENT ASSETS		
Cash	16,589	13,484
Accounts receivable (note 1)	116,406	146,805
Inventory	34,237	44,311
Prepaid expenses	87,842	106,569
Due from Marble Mountain Management Corporation (note 13)	<u>194,903</u>	<u>196,410</u>
	449,977	507,579
 PROPERTY, PLANT AND EQUIPMENT (note 2)	 <u>33,871,365</u>	 <u>33,878,705</u>
 DEFERRED CHARGE	 <u>11,845</u>	 <u>-</u>
	34,333,187	34,386,284
LIABILITIES		
CURRENT LIABILITIES		
Bank indebtedness (note 3)	1,509,661	1,564,137
Accounts payable and accrued liabilities (note 4)	298,753	358,681
Deferred revenue	406,500	406,000
Current portion - obligations under capital leases (note 5)	<u>46,548</u>	<u>80,632</u>
	2,261,462	2,409,450
 OBLIGATIONS UNDER CAPITAL LEASES (note 5)	 -	 40,500
 LONG-TERM DEBT (note 6)	 300,000	 300,000
 GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS (note 7)	 <u>32,363,529</u>	 <u>32,382,710</u>
	<u>34,924,991</u>	<u>35,132,660</u>
 SHAREHOLDER'S DEFICIENCY		
 SHARE CAPITAL (note 9)	 -	 -
DEFICIT	<u>(591,804)</u>	<u>(746,376)</u>
	<u>(591,804)</u>	<u>(746,376)</u>
	34,333,187	34,386,284
Lease commitments (note 11)		
Contingent liability (note 12)		

On behalf of the Board:

 Director
 Director

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

STATEMENT OF REVENUE, EXPENDITURES AND DEFICIT
For the year ended April 30, 2005

	2005	2004
	\$	\$
REVENUE		
Income (loss) from operations		
Lift operations – Schedule I	(340,802)	(302,039)
Rental and repair shop – Schedule II	150,519	89,334
Cafeteria – Schedule III	34,838	41,958
Bar – Schedule IV	45,217	48,690
Ski school – Schedule V	43,783	26,461
Events – Schedule VI	14,588	10,739
Marketing – Schedule VII	(93,557)	(70,473)
Marble Villa – Schedule VIII	173,174	139,319
Interest income	1,249	1,317
Operating grant (note 8(a))	<u>400,000</u>	<u>525,000</u>
	<u>429,109</u>	<u>510,306</u>
EXPENDITURES		
Directors' fees (note 13)	5,640	6,132
Advertising	792	286
Labour services	155,592	169,652
Management fees (note 13)	4,020	5,410
Administration	6,853	6,187
Communications	6,535	7,940
Travel	678	519
Interest and bank charges	75,162	95,787
Professional fees	8,619	10,019
Board and committee meetings	10,290	8,670
Miscellaneous	356	861
Cost of property, plant and equipment retired from service during the year (note 14)	<u>-</u>	<u>23,850</u>
	<u>274,537</u>	<u>335,313</u>
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	154,572	174,993
Deficit at beginning of year	<u>(746,376)</u>	<u>(921,369)</u>
DEFICIT AT END OF YEAR	<u>(591,804)</u>	<u>(746,376)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

For the year ended April 30, 2005

	2005	2004
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	2,119,505	1,878,836
Cash paid to suppliers and employees	(2,265,315)	(2,206,510)
Interest received	1,249	1,317
Interest paid	<u>(100,341)</u>	<u>(95,787)</u>
	<u>(244,902)</u>	<u>(422,144)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(26,058)	(31,257)
Proceeds on disposal of property, plant and equipment	<u>1,618</u>	<u>-</u>
	<u>(24,440)</u>	<u>(31,257)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligations	(74,584)	(74,879)
Decrease (increase) in due from Marble Mountain Management Corporation	1,507	(5,072)
Operating grant	-	525,000
Marketing grant	-	50,000
Operating grant received in advance	<u>400,000</u>	<u>400,000</u>
	<u>326,923</u>	<u>895,049</u>
INCREASE IN CASH AND CASH EQUIVALENTS	57,581	441,648
Cash and cash equivalents at beginning of year (note)	<u>(1,550,653)</u>	<u>(1,992,301)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (note)	<u>(1,493,072)</u>	<u>(1,550,653)</u>

Note to the statement of cash flows

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments. Cash and cash equivalents included in the statement of cash flows comprise the following balance sheet amounts:

	2005	2004
	\$	\$
Cash	16,589	13,484
Bank indebtedness	<u>(1,509,661)</u>	<u>(1,564,137)</u>
	<u>(1,493,072)</u>	<u>(1,550,653)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended April 30, 2005

GENERAL

The Corporation is a "Non-Profit Development Corporation" incorporated under the *Corporations Act* of Newfoundland and Labrador. Its affairs are managed by a Board of Directors appointed by the Lieutenant Governor in Council. The Province of Newfoundland and Labrador holds 100% of the issued common shares.

The principal business activity of the Corporation is managing and controlling the operations of the area known as the Marble Mountain Development area.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Inventory

Inventory is recorded at the lower of cost and net realizable value.

Property, plant and equipment

Property, plant and equipment purchased by the Corporation are stated at cost. Donated assets are recorded at their estimated fair market value. No provision for amortization of property, plant and equipment is recorded in the financial statements of the Corporation.

Deferred charge

Deferred charge represents the unamortized cost of purchasing uniforms for snow school instructors. Amortization of the deferred charge is provided on the straight-line basis over three years and is recorded as ski patrol expense in lift operations.

Government assistance and other contributions

Government grants and other contributions related to the acquisition of property, plant and equipment are recorded as deferred credits. The deferred credits related to the acquisition of property, plant and equipment have not been amortized. Government assistance and other contributions related to property, plant and equipment retired from use are credited against the property, plant and equipment in the year of retirement.

Government grants related to operations are recorded as revenue or as a reduction of the expense to which the grant relates.

Accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimated.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2005

1. ACCOUNTS RECEIVABLE

	<u>2005</u>	<u>2004</u>
	\$	\$
Trade	116,406	144,027
Harmonized Sales Tax receivable	-	2,778
	<u>116,406</u>	<u>146,805</u>

2. PROPERTY, PLANT AND EQUIPMENT

	<u>2005</u>	<u>2004</u>
	\$	\$
Snowmaking – water intake system	<u>1,624,229</u>	<u>1,624,229</u>
Buildings		
Maintenance building	413,919	413,919
Day Lodge	6,905,762	6,902,974
Buildings – other	116,641	116,641
Condominium	<u>3,157,617</u>	<u>3,157,617</u>
	<u>10,593,939</u>	<u>10,591,151</u>
Equipment		
Snowmaking	4,359,522	4,359,522
Chairlifts	2,318,412	2,318,412
Snowgroomers	651,422	601,602
T-bars/platter lift	120,824	120,824
Ski rental	283,022	265,342
Racing	64,127	64,127
Detachable quad lift	<u>2,302,738</u>	<u>2,302,738</u>
	<u>10,100,067</u>	<u>10,032,567</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2005

2. PROPERTY, PLANT AND EQUIPMENT (Continued)

	<u>2005</u>	<u>2004</u>
	\$	\$
Other		
Heritage tree	120,856	120,856
Motor vehicles	61,395	43,946
Slopes, roads and parking lots	8,345,166	8,345,166
Furniture and equipment	737,144	637,567
Land assembly	1,870,356	1,870,356
Equipment under capital lease	270,000	464,654
Snowboard park	34,822	34,822
Playground equipment	23,965	23,965
Walking trails	89,426	89,426
	<u>11,553,130</u>	<u>11,630,758</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>33,871,365</u>	<u>33,878,705</u>

3. BANK INDEBTEDNESS

	<u>2005</u>	<u>2004</u>
	\$	\$
Outstanding cheques in excess of funds on deposit	-	27,714
Line of credit	<u>1,509,661</u>	<u>1,536,423</u>
	<u>1,509,661</u>	<u>1,564,137</u>

The line of credit is authorized in the amount of \$2,100,000 and bears interest at the rate of bank prime less .5%. It is secured by a Provincial Government guarantee and letter of indemnity and overdraft agreement signed by the Board of Directors.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2005</u>	<u>2004</u>
	\$	\$
Trade	261,698	319,200
Harmonized Sales Tax payable	2,512	-
Payroll deductions payable	<u>34,543</u>	<u>39,481</u>
	<u>298,753</u>	<u>358,681</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2005

5. OBLIGATIONS UNDER CAPITAL LEASES

The following is a schedule of future minimum lease payments under capital leases expiring in the year 2006, together with the present balance of the obligations under the capital leases.

	<u>2005</u>	<u>2004</u>
Future minimum lease payments due for the years ending April 30,	\$	\$
2005	-	83,466
2006	<u>46,928</u>	<u>46,928</u>
	46,928	130,394
Less: Amount representing interest (22%)	<u>380</u>	<u>9,262</u>
	46,548	121,132
Less: Current portion - obligations under capital leases	<u>46,548</u>	<u>80,632</u>
	-	<u>40,500</u>

The above capital lease obligation includes a \$40,500 buy out option which was exercised subsequent to year end.

6. LONG-TERM DEBT

	<u>2005</u>	<u>2004</u>
	\$	\$
Department of Innovation, Trade and Rural Development loan, non-interest bearing and repayable in annual installments based on 20% of available cash flow. Due 2015.	<u>300,000</u>	<u>300,000</u>

The above long-term debt is secured by chattel mortgage on specific equipment. Long-term debt repayments required to meet retirement provisions are based on available cash flow which is defined as net profit plus amortization less principal payments on long-term debt and capital leases. In the current year, there is no available cash flow, therefore no repayment is due. The Corporation has until 2015 to repay the loan in full.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued) For the year ended April 30, 2005

7. GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS - CAPITAL

The Corporation has recorded government grants and other contributions related to the acquisition of capital assets as deferred credits.

	2005	2004
	\$	\$
Tourism Development Subsidiary Agreement	2,499,000	2,499,000
Province of Newfoundland and Labrador		
Department of Municipal and Provincial Affairs	560,167	560,167
Department of Tourism and Culture	13,671,934	13,671,934
Department of Employment and Labour Relations	21,200	21,200
Department of Innovation, Trade and Rural Development	2,732,512	2,732,512
Department of Finance	3,056,696	3,056,696
Atlantic Canada Opportunities Agency	8,377,562	8,377,562
Government of Canada		
Department of Industry, Science and Technology	44,395	44,395
Department of Employment and Immigration	5,000	5,000
Natural Resources Canada/Mining Sector	1,727,000	1,727,000
Department of Public Works and Government Services	315,721	315,721
Marble Mountain Ski Club	2,099,114	2,099,114
1999 Canada Winter Games Host Society	83,265	83,265
Heritage Tree Committee	1,074	1,074
	35,194,640	35,194,640
Less amount related to capital assets retired from service or sold	(2,831,111)	(2,811,930)
	<u>32,363,529</u>	<u>32,382,710</u>

8. GOVERNMENT ASSISTANCE AND OTHER CONTRIBUTIONS - OPERATIONS

Province of Newfoundland and Labrador - Operating grants

- (a) For the year ended April 30, 2005, an administrative operating grant in the amount of \$400,000 (2004 - \$525,000) was approved and received.
- (b) For the year ended April 30, 2005, a marketing grant in the amount of nil (2004 - \$50,000) was approved and received from the Department of Tourism.

The above contributions are subject to the terms and conditions as outlined in the applicable contribution agreements.

9. SHARE CAPITAL

The Province of Newfoundland and Labrador holds 100% of the issued common shares of the Corporation.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued) For the year ended April 30, 2005

10. INCOME TAXES

The Corporation is a non-profit corporation wholly owned by the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes under the Canadian Income Tax Act.

11. LEASE COMMITMENTS

The corporation leases equipment under long-term leases which expire at various times between 2007 and 2010. The future minimum lease payments under these long-term leases is approximately as follows:

	\$
2006	15,893
2007	15,893
2008	5,932
2009	2,882
2010	1,441

12. CONTINGENT LIABILITY

As at April 30, 2005, a supplier had claimed that the Corporation owed it approximately \$70,005 for services rendered. The Corporation's management feels that the claim is unfounded and the likelihood of any loss resulting therefrom is undeterminable. Therefore, the Corporation has not recorded in its accounts any provision for losses that may result from the claim.

13. RELATED PARTY TRANSACTIONS

As at April 30, 2005, the Corporation was owed \$194,903 (2004 - \$196,410) from Marble Mountain Management Corporation. This receivable relates to the balance outstanding as a result of labour services provided, cash transfers, equipment rental and the transfer of operating assets.

During the year ended April 30, 2005, a management fee was paid to the Chairperson of the Board of Directors in the amount of \$4,020 (2004 - \$5,410). In addition, directors' fees of \$5,640 (2004 - \$6,132) were paid in total to the Board of Directors of the Corporation.

14. PROPERTY, PLANT AND EQUIPMENT RETIRED FROM SERVICE

During the year the Corporation retired property, plant and equipment which were no longer required in the operation. Property, plant and equipment retired from service which were purchased with government assistance has been recorded as a reduction to government assistance. The other property, plant and equipment retired from service has been charged to operations.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2005

15. FINANCIAL INSTRUMENTS

The Corporation's financial instruments consist of cash, accounts receivable, due from Marble Mountain Management Corporation, bank indebtedness, accounts payable and accrued liabilities, deferred revenue, obligations under capital leases, and long-term debt. Unless otherwise noted, it is management's opinion that the entity is not exposed to significant currency or credit risks from these financial instruments. However, the entity is exposed to interest rate risk on its operating line of credit. The interest rate is variable and is subject to interest rate volatility. The fair values of these financial instruments approximates their carrying values unless otherwise noted.

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE I
STATEMENT OF REVENUE AND EXPENDITURES - LIFT OPERATIONS
For the year ended April 30, 2005

	2005	2004
	\$	\$
REVENUE		
Lift tickets	471,548	421,616
Season passes	379,124	306,634
Tenant - revenue	12,694	11,997
Children's centre	11,844	8,714
Other	2,326	3,187
Facilities rental	<u>5,230</u>	<u>9,863</u>
	<u>882,766</u>	<u>762,011</u>
EXPENDITURES		
Management contract	74,250	74,250
Snowmaking		
Electricity	89,094	84,350
Labour services	18,134	36,354
Equipment maintenance	59,111	12,901
Snowgun rental	11,886	10,500
Vehicle operating		
Repairs	8,443	9,698
Fuel	38,151	39,737
Lift repairs	117,551	81,404
Maintenance		
Equipment	593	130
Building	42,444	41,681
Slopes	1,848	18,861
Labour services	309,761	258,242
Heating and electricity	85,813	83,834
Insurance	140,445	140,089
Ski patrol	73,258	63,430
Supplies	24,635	22,120
Municipal fees	17,500	17,500
Interest and bank charges	22,908	17,003
Security	3,065	360
Children's centre	17,863	12,488
Miscellaneous	9,437	9,813
Snowclearing	12,610	10,148
Communications	14,707	11,681
Equipment rental	6,415	-
Licence and fees	475	-
Uniforms	6,741	-
Special Events	3,833	7,476
Cost of property, plant and equipment retired from service during the year (note 14)	<u>12,597</u>	<u>-</u>
	<u>1,223,568</u>	<u>1,064,050</u>
EXCESS OF EXPENDITURES OVER REVENUE	<u>(340,802)</u>	<u>(302,039)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

SCHEDULE II

STATEMENT OF REVENUE AND EXPENDITURES - RENTAL AND REPAIR SHOP

For the year ended April 30, 2005

	2005	2004
	\$	\$
REVENUE	<u>198,795</u>	<u>155,054</u>
EXPENDITURES		
Labour services	44,564	42,440
Supplies	2,365	2,253
Miscellaneous	443	522
Communications	254	365
Equipment rental	550	400
Cost of property, plant and equipment retired from service during the year (note 14)	<u>-</u>	<u>19,740</u>
	<u>48,176</u>	<u>65,720</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>150,619</u>	<u>89,334</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**SCHEDULE III
STATEMENT OF REVENUE AND EXPENDITURES - CAFETERIA
For the year ended April 30, 2005**

	2005	2004
	\$	\$
REVENUE	239,329	238,613
COST OF SALES	<u>124,962</u>	<u>117,140</u>
GROSS PROFIT	<u>114,367</u>	<u>121,473</u>
EXPENDITURES		
Repairs and maintenance	891	1,295
Miscellaneous	1,939	2,045
Supplies	7,556	6,431
Communications	526	620
Labour services	68,617	66,702
Workplace, Health and Safety Compensation Commission – CWR Holdings Inc. contract	<u>-</u>	<u>2,422</u>
	<u>79,529</u>	<u>79,515</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>34,838</u>	<u>41,958</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**SCHEDULE IV
STATEMENT OF REVENUE AND EXPENDITURES - BAR
For the year ended April 30, 2005**

	2005	2004
	\$	\$
REVENUE	141,271	149,476
COST OF SALES	<u>47,590</u>	<u>54,638</u>
GROSS PROFIT	<u>93,681</u>	<u>94,838</u>
EXPENDITURES		
Entertainment	9,010	8,963
Repairs and maintenance	734	370
Labour services	26,018	22,528
Communications	470	592
Security	1,135	1,331
Accommodations - bands	4,858	7,475
Special events	5,358	4,086
Supplies	80	84
Licenses and fees	801	719
	<u>48,464</u>	<u>46,148</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>45,217</u>	<u>48,690</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**SCHEDULE V
STATEMENT OF REVENUE AND EXPENDITURES - SKI SCHOOL
For the year ended April 30, 2005**

	2005	2004
	\$	\$
REVENUE	<u>134,450</u>	<u>95,348</u>
EXPENDITURES		
Labour services	76,311	57,634
Uniforms	6,247	5,495
Training	3,953	1,934
Advertising	183	458
Supplies	401	-
Miscellaneous	648	503
Krunchers Club	2,534	2,393
Communications	390	470
	<u>90,667</u>	<u>68,887</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>43,783</u>	<u>26,461</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**SCHEDULE VI
STATEMENT OF REVENUE AND EXPENDITURES - EVENTS
For the year ended April 30, 2005**

	2005	2004
	\$	\$
REVENUE	126,102	107,830
COST OF SALES	<u>36,204</u>	<u>35,535</u>
GROSS PROFIT	<u>89,898</u>	<u>72,295</u>
EXPENDITURES		
Labour services	63,066	53,619
Maintenance	540	438
Supplies	5,357	3,295
Miscellaneous	1,043	2,919
Travel	492	-
Interest and bank charges	2,203	-
Entertainment	1,186	-
Communications	<u>1,423</u>	<u>1,285</u>
	<u>75,310</u>	<u>61,556</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>14,588</u>	<u>10,739</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**SCHEDULE VII
STATEMENT OF REVENUE AND EXPENDITURES - MARKETING**
For the year ended April 30, 2005

	2005	2004
	\$	\$
REVENUE		
Sponsorship	32,584	30,636
Advertising	32,953	
Department of Tourism, Culture and Recreation Grant (note 8(b))	-	50,000
	<u>65,537</u>	<u>111,189</u>
EXPENDITURES		
Advertising		
Television	53,622	73,901
Print	6,271	25,419
Radio	35,780	35,545
Internet	2,250	4,822
Atlantic Marketing Initiatives	-	4,369
UK/International marketing	383	-
Labour services	36,014	21,128
Communications	3,751	3,036
Complementary Villa Rooms	7,719	5,052
Membership fees	2,055	1,812
Travel and meetings	279	1,003
Brochures	1,420	3,771
Ski shows and familiarization tours	4,981	386
Office and postage	290	98
Supplies	4,279	1,320
	<u>159,094</u>	<u>181,662</u>
EXCESS OF EXPENDITURES OVER REVENUE	<u>(93,557)</u>	<u>(70,473)</u>

MARBLE MOUNTAIN DEVELOPMENT CORPORATION

**SCHEDULE VIII
STATEMENT OF REVENUE AND EXPENDITURES - MARBLE VILLA
For the year ended April 30, 2005**

	2005	2004
	\$	\$
REVENUE		
Rental revenue	<u>300,356</u>	<u>268,488</u>
EXPENDITURES		
Housekeeping	23,333	20,730
Heat and light	33,113	27,705
Repairs and maintenance	16,101	21,963
Labour services	17,137	21,205
Security	3,435	3,044
Common area expense	6,900	6,900
Insurance	7,890	7,674
Communications	5,834	5,073
Cable television	4,348	4,296
Supplies	5,739	6,541
Interest and bank charges	68	597
Travel	68	95
Marketing	2,359	1,521
Professional fees	300	-
Bad debt expense	209	-
Miscellaneous	348	681
Administration	-	1,144
	<u>127,182</u>	<u>129,169</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>173,174</u>	<u>139,319</u>

**MARBLE MOUNTAIN MANAGEMENT
CORPORATION**

AUDITED FINANCIAL STATEMENTS

April 30, 2005

SQUIRE & HYNES

Chartered Accountants

57 Park Street, P.O. Box 248
Corner Brook, Newfoundland, A2H 6C9
Tel: (709) 634-8256 Fax: (709) 639-1647 email: accountants@squirehynes.ca

AUDITORS' REPORT

To the Directors of
Marble Mountain Management Corporation

We have audited the balance sheet of Marble Mountain Management Corporation as at April 30, 2005 and the statements of revenue, expenditures and deficit and cash flows for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at April 30, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

June 10, 2005



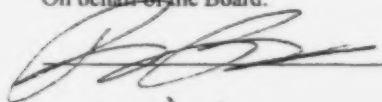
Richard C. Squire, C.A., C.B.V.
Kenneth L. Hynes, C.A.

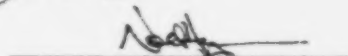
MARBLE MOUNTAIN MANAGEMENT CORPORATION

BALANCE SHEET
As at April 30, 2005

	2005	2004
ASSETS	\$	\$
CURRENT ASSETS		
Cash	4,124	5,631
PROPERTY, PLANT AND EQUIPMENT (note 1)	<u> -</u>	<u> -</u>
	4,124	5,631
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 2)	<u>194,903</u>	<u>196,410</u>
 SHAREHOLDER'S DEFICIENCY		
SHARE CAPITAL (note 3)		
Authorized and issued	1	1
500 Common shares		
DEFICIT	<u>(190,780)</u>	<u>(190,780)</u>
	<u>(190,779)</u>	<u>(190,779)</u>
	4,124	5,631

On behalf of the Board:

 Director

 Director

MARBLE MOUNTAIN MANAGEMENT CORPORATION
STATEMENT OF REVENUE, EXPENDITURES AND DEFICIT
For the year ended April 30, 2005

	2005	2004
	\$	\$
REVENUE		
Labour services	428,370	382,515
Interest income	<u>174</u>	<u>123</u>
	<u>428,544</u>	<u>382,638</u>
EXPENDITURES		
Wages and benefits	428,534	382,588
Interest and bank charges	<u>10</u>	<u>50</u>
	<u>428,544</u>	<u>382,638</u>
EXCESS OF REVENUE OVER EXPENDITURES	-	-
Deficit at beginning of year	<u>(190,780)</u>	<u>(190,780)</u>
DEFICIT AT END OF YEAR	<u>(190,780)</u>	<u>(190,780)</u>

MARBLE MOUNTAIN MANAGEMENT CORPORATION

STATEMENT OF CASH FLOWS

For the year ended April 30, 2005

	2005	2004
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	428,370	382,515
Cash paid to suppliers and employees	(428,534)	(382,588)
Interest received	174	123
Interest paid	<u>(10)</u>	<u>(50)</u>
	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in payable to Marble Mountain Development Corporation	<u>(1,507)</u>	<u>5,072</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,507)	5,072
Cash and cash equivalents at beginning of year (note)	<u>5,631</u>	<u>559</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (note)	<u>4,124</u>	<u>5,631</u>

Note to the statement of cash flows

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks, and investments in money market instruments.

MARBLE MOUNTAIN MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended April 30, 2005

GENERAL

The Corporation is incorporated under the *Corporations Act* of Newfoundland and Labrador. The Province of Newfoundland and Labrador holds 100% of the issued common shares.

The principal activity of the Corporation is providing labour services for Marble Mountain Development Corporation.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment

Property, plant and equipment are stated at cost. Amortization of property, plant and equipment is provided on the straight-line basis. At April 30, 2005 property, plant and equipment were fully amortized.

Government assistance and other contributions

Government grants related to operations are recorded as revenues in the year to which they pertain.

Accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimated.

1. PROPERTY, PLANT AND EQUIPMENT

	2005		2004	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Uniforms and ski suits	29,207	29,207	-	-
Ski equipment – demo	7,748	7,748	-	-
Ski equipment – rental	36,363	36,363	-	-
Other equipment	750	750	-	-
	<u>74,068</u>	<u>74,068</u>	<u>-</u>	<u>-</u>

MARBLE MOUNTAIN MANAGEMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (Continued)

For the year ended April 30, 2005

2. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2005</u>	<u>2004</u>
	\$	\$
Marble Mountain Development Corporation (note 5)	<u>194,903</u>	<u>196,410</u>

3. SHARE CAPITAL

The Province of Newfoundland and Labrador holds 100% of the issued common shares of the Corporation.

4. INCOME TAXES

The Corporation is a non-profit corporation wholly owned by the Province of Newfoundland and Labrador and as such is not subject to Federal or Provincial income taxes under the Canadian Income Tax Act.

5. RELATED PARTY TRANSACTIONS

As at April 30, 2005 the Corporation owed \$194,903 to Marble Mountain Development Corporation. This payable related to the balances outstanding as a result of labour services provided, cash transfers, equipment rental and transfer of operating assets.

6. FINANCIAL INSTRUMENTS

The company's financial instruments consist of cash and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the entity is not exposed to significant interest, currency or credit risks from these financial instruments. The fair values of these financial instruments approximates their carrying values, unless otherwise noted.

Multi-Materials Stewardship Board
Consolidated Financial Statements
March 31, 2005

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Directors of the
Multi-Materials Stewardship Board

We have audited the consolidated statement of financial position of the **Multi-Materials Stewardship Board** at March 31, 2005, and the consolidated statements of operations, changes in net assets and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Board as at March 31, 2005, and the consolidated results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 8, 2005

Grant Thornton LLP
Chartered Accountants

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Multi-Materials Stewardship Board **Consolidated Statement of Operations**

Year Ended March 31	2005	2004
Revenue		
Gross revenue from deposits	\$16,714,651	\$17,232,998
By-product revenue	<u>1,943,612</u>	<u>1,542,128</u>
	18,658,263	18,775,126
Cost of sales (Note 8)	<u>14,148,197</u>	<u>13,912,905</u>
Gross margin	4,510,066	4,862,221
Miscellaneous income	<u>346,407</u>	<u>298,564</u>
Income before expenses	<u>4,856,473</u>	<u>5,160,785</u>
Expenses		
Administrative (Page 10)	2,085,429	2,241,132
Grant disbursements	<u>1,205,745</u>	<u>1,083,316</u>
	<u>3,291,174</u>	<u>3,324,448</u>
Excess of revenue over expenses	<u>\$ 1,565,299</u>	<u>\$ 1,836,337</u>

See accompanying notes to the consolidated financial statements.

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Multi-Materials Stewardship Board
Consolidated Statement of Changes in
Net Assets

Year Ended March 31			2005	2004
	Invested in Capital Assets	Unrestricted Net Assets	Total	Total
Net assets, beginning of year	\$ 430,890	\$12,940,467	\$13,371,357	\$11,535,020
Excess of (expenses over revenue) revenue over expenses	(130,528)	1,695,827	1,565,299	1,836,337
Investments in capital assets	<u>55,814</u>	<u>(55,814)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 356,176</u>	<u>\$14,580,480</u>	<u>\$14,936,656</u>	<u>\$13,371,357</u>

See accompanying notes to the consolidated financial statements.

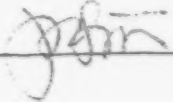
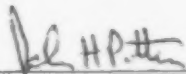
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**Multi-Materials Stewardship Board
Consolidated Statement of Financial
Position**

March 31	2005	2004
Assets		
Current		
Cash and cash equivalents	\$15,235,974	\$13,573,714
Receivables (Note 4)	1,672,493	1,570,193
Inventories	70,355	160,870
Prepays	55,132	40,744
	17,033,954	15,345,521
Property and equipment (Note 5)	356,176	430,890
	<u>\$17,390,130</u>	<u>\$15,776,411</u>
Liabilities		
Current		
Payables and accruals	\$ 439,831	\$ 552,413
Grants payables	174,650	174,630
Unearned revenue (Note 3(h))	1,433,328	1,205,122
	2,047,809	1,932,165
Performance bonds payable	405,665	472,889
	<u>2,453,474</u>	<u>2,405,054</u>
Net Assets		
Net assets invested in capital assets	356,176	430,890
Unrestricted net assets	14,580,480	12,940,467
	14,936,656	13,371,357
	<u>\$17,390,130</u>	<u>\$15,776,411</u>

Commitments (Note 7)

On behalf of the Board


 _____ Chairperson
 
 _____ Director

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Multi-Materials Stewardship Board **Consolidated Statement of Cash Flows**

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating		
Excess of revenue over expenses	\$ 1,565,299	\$ 1,836,337
Depreciation	<u>130,530</u>	<u>131,715</u>
	1,695,829	1,968,052
Change in non-cash operating working capital (Note 6)	<u>89,469</u>	<u>(992,880)</u>
	<u>1,785,298</u>	<u>975,172</u>
Financing		
(Decrease) increase in performance bonds payable	<u>(67,224)</u>	<u>337,889</u>
Investing		
Purchase of property and equipment	<u>(55,814)</u>	<u>(193,562)</u>
Net increase in cash and cash equivalents	1,662,260	1,119,499
Cash and cash equivalents		
Beginning of year	<u>13,573,714</u>	<u>12,454,215</u>
End of year	<u>\$15,235,974</u>	<u>\$13,573,714</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Multi-Materials Stewardship Board

Notes to the Consolidated Financial Statements

March 31, 2005

1. Nature of operations

The Multi-Materials Stewardship Board is a statutory corporation established pursuant to The Environmental Protection Act. This Board manages the Used Beverage Container Deposit Refund System, the Used Tire Recycling Program and the Waste Management Trust Fund in the Province of Newfoundland and Labrador and is mandated to support and promote the protection, enhancement and wise use of the environment through waste management programs.

The corporation is exempt from income taxes under Section 149(1)(d) of the Canadian Income Tax Act.

2. Basis of consolidation

These consolidated financial statements include the accounts of the Multi-Materials Stewardship Board and the Multi-Materials Stewardship Board Waste Management Trust Fund.

The Multi-Materials Stewardship Board Waste Management Trust Fund is a restricted fund, managed by the Board, and its accounts have been grouped in these financial statements for consolidated purposes. Separate audited financial statements have been issued for this restricted fund, with an audit report date of June 6, 2005.

3. Summary of significant accounting policies

(a) Fund accounting

Fund accounting is generally accepted as the basis of accounting for public sector organizations. A summary of significant accounting policies relating to fund accounting is as follows:

- i) capital assets are recorded at cost;
- ii) capital additions financed from the unrestricted funds are included in the net assets invested in capital assets account; and
- iii) depreciation of capital assets is included in the net assets invested in capital assets account.

(b) Use of estimates

In preparing the Board's consolidated financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Multi-Materials Stewardship Board

Notes to the Consolidated Financial Statements

March 31, 2005

3. Summary of significant accounting policies (cont'd)

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of one year or less. Cash and cash equivalents also include a balance of \$405,665 (2004 - \$472,889) in restricted cash related to the performance bond payable.

(d) Revenue recognition

Deposit revenue is recognized when remittances are collected plus an estimated accrual based on subsequent receipts.

By product revenue is recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.

Miscellaneous income is recognized as earned.

(e) Inventories

Inventories are valued at the lower of cost and net realizable value.

(f) Depreciation

Rates and bases of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Leasehold improvements	20%, straight line
Office furniture and equipment	20%, declining balance
Computer hardware	30%, declining balance
Computer software	30%, declining balance
Bags and tubs	30%, declining balance
Vehicle	30%, declining balance

(g) Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

(h) Unearned revenue

Unearned revenue consists of deposits on containers yet to be returned for redemption and recycling. The amount recorded by the Board as unearned revenue consists of sixty days of deposits received from distributors, adjusted by an estimated recovery rate of 67% (March 31, 2004 - 68%).

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Multi-Materials Stewardship Board

Notes to the Consolidated Financial Statements

March 31, 2005

4. Receivables	<u>2005</u>	<u>2004</u>
Deposits	\$ 1,638,276	\$ 1,483,909
Trade and other	<u>34,217</u>	<u>86,284</u>
	<u>\$ 1,672,493</u>	<u>\$ 1,570,193</u>

5. Property and equipment			<u>2005</u>	<u>2004</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold Improvements	\$ 26,160	\$ 13,671	\$ 12,489	\$ 17,272
Office furniture and equipment	76,746	33,007	43,739	24,100
Computer hardware	218,135	134,711	83,424	103,645
Computer software	159,524	92,523	67,001	72,270
Bags and tubs	263,758	124,270	139,488	199,268
Vehicle	<u>24,093</u>	<u>14,058</u>	<u>10,035</u>	<u>14,335</u>
	<u>\$ 768,416</u>	<u>\$ 412,240</u>	<u>\$ 356,176</u>	<u>\$ 430,890</u>

6. Supplemental cash flow information	<u>2005</u>	<u>2004</u>
Change in non-cash operating working capital		
Receivables	\$ (102,300)	\$ (275,989)
Inventories	90,515	(72,420)
Prepays	(14,388)	21,588
Payables and accruals	(112,582)	196,106
Grants payable	20	(766,013)
Unearned revenue	<u>228,204</u>	<u>(96,152)</u>
	<u>\$ 89,469</u>	<u>\$ (992,880)</u>

7. Commitments

The Board is committed to minimum annual rent payments for office space up to October, 2005 of \$54,331, and for annual rent payments for warehouse space up to February, 2006 for \$70,329.

The Board is committed to minimum annual lease payments for equipment up to October, 2005 of \$808.

The Board has entered into an agreement for processing and transportation of beverage containers to March 2009. The Board has also entered into an agreement for the collection and transportation of used tires in the Province of Newfoundland and Labrador to February, 2010.

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Multi-Materials Stewardship Board
Notes to the Consolidated Financial Statements
March 31, 2005

8. Interim contingency costs

In June 2004 the Board terminated its contract under the Used Tire Recycling Program with its previous contractor. Subsequent to this termination, the Board assumed responsibility for the Program and implemented a contingency plan for the collection and storage of used tires. Included in cost of sales is \$1,311,532 for labour, storage, transportation and disposal costs of the used tires under the responsibility of the Board. The costs were incurred until the Board was able to make arrangements with another contractor under the Used Tire Recycling Program.

9. Financial Instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ materially from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

Multi-Materials Stewardship Board
Consolidated Schedule of Administrative
Expenses

Year Ended March 31	2005	2004
Advertising	\$ 8,307	\$ 2,811
Depreciation	130,530	131,715
Directors' remuneration	19,540	57,240
Dues, licenses and education	16,067	16,451
Equipment rental	9,075	15,495
Insurance	8,990	9,407
Interest and bank charges	7,143	8,425
Marketing and communications	565,425	631,990
Meetings and entertainment	2,496	9,883
Miscellaneous	7,022	7,488
Professional fees	64,104	175,227
Rent	82,861	65,569
Repairs and maintenance	28,531	48,818
Rocaps supplies	35,476	51,177
Stationery and office supplies	34,112	31,493
Sponsorship	-	4,117
Telecommunications	23,450	26,296
Travel - board and staff	67,868	94,337
Vehicle operating	11,096	17,516
Wages and benefits	963,336	835,677
	<u>\$ 2,085,429</u>	<u>\$ 2,241,132</u>

Grant Thornton 

**MUNICIPAL ASSESSMENT
AGENCY INC.**

FINANCIAL STATEMENTS
Year ended March 31, 2005

JOHN F. MORGAN

*Chartered Accountant
Suite 901, TD Place, 140 Water Street
St. John's, NF A1C 6H6
Office: (709) 576-6776
Fax: (709) 576-6777*

AUDITORS' REPORT

To the Shareholder of
Municipal Assessment Agency Inc.

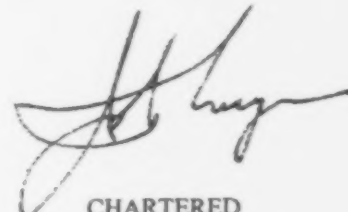
We have audited the balance sheet of Municipal Assessment Agency Inc. as at March 31, 2005 and the statements of revenue, expenses and equity and changes in financial position for the year then ended. These financial statements are the responsibility of the corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.

An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the corporation as at March 31, 2005 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

St. John's, Newfoundland
May 26, 2005



CHARTERED
ACCOUNTANT

MUNICIPAL ASSESSMENT AGENCY INC.

BALANCE SHEET

AS AT MARCH 31, 2005

	ASSETS	
	2005	2004
CURRENT		
Cash	\$ 722,545	\$ 630,290
Accounts receivable (note 2)	147,335	123,533
Prepaid expenses	49,635	60,082
	919,515	813,905
Long-term receivables (note 3)	3,626	19,845
Severance reserve fund (note 4)	670,817	644,831
Capital assets (note 5)	341,316	396,713
	\$1,935,274	\$1,875,294

LIABILITIES AND SHAREHOLDER'S EQUITY

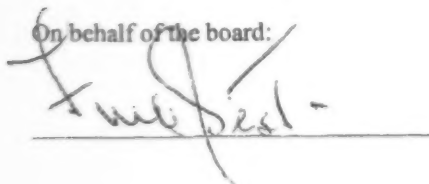
CURRENT		
Accounts payable and accrued liabilities	\$ 92,939	\$ 86,902
Accrued vacation pay (note 6)	149,498	185,713
Deferred contributions - operating (note 7)	-	4,180
	242,437	276,795
Accrued severance pay (note 6)	670,817	644,831
Deferred contributions - capital (note 8)	78,264	109,569
	991,518	1,031,195

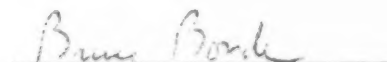
SHAREHOLDER'S EQUITY

Capital		
Authorized and issued		
1 Common share	1	1
Equity from operations	943,755	844,098
	943,756	844,099
	\$1,935,274	\$1,875,294

Commitments and contingencies (note 6)

On behalf of the board:





MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF REVENUES, EXPENSES AND EQUITY

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
REVENUES:		
Assessment services	\$4,122,510	\$3,823,403
Valuation revenue	-	9,139
Interest revenue	43,295	44,333
	4,165,805	3,876,875
EXPENSES:		
Salaries	2,353,700	2,599,129
Benefits	511,906	460,606
Travel	232,691	291,438
Information technology	217,989	239,302
Premises and equipment lease	180,172	182,100
Postage and courier	101,077	88,886
Bad debt expense	69,690	703
Telephone	65,904	65,703
Printing	51,476	29,639
Professional fees	48,380	72,355
Office supplies	37,376	36,986
Advertising and public relations	21,256	26,192
Insurance	17,388	10,840
Payroll processing	4,162	3,895
Bank charges	720	1,141
Staff training	-	2,444
	3,913,887	4,111,359
Excess of expenses over revenues before the following	251,918	(234,484)
Provision for severance and vacation pay (note 6)	62,434	61,227
Amortization of deferred contributions - capital (note 8)	(31,305)	(43,982)
Amortization of capital assets	121,132	149,468
Excess of revenues over expenses (expenses over revenues)	99,657	(401,197)
Equity from operations, beginning of year	844,098	1,245,295
Equity from operations, end of year	\$ 943,755	\$ 844,098

MUNICIPAL ASSESSMENT AGENCY INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
Operating activities:		
Excess of revenues over expenses (expenses over revenues)	\$ 99,657	\$ (401,197)
Items not affecting cash:		
Amortization of capital assets	121,132	149,468
Amortization of deferred contributions	(31,305)	(43,982)
Increase in long-term receivable	16,219	26,076
Increase in severance pay accrual	25,986	30,654
Increase (decrease) in vacation pay accrual	(36,215)	16,309
Increase (decrease) in deferred contributions - operating	-	(2,090)
Net change in non-cash working capital balance	(11,498)	66,698
Cash provided by operating activities	183,976	(158,064)
Investing activities:		
Purchase of capital assets	(65,735)	(59,573)
Increase (decrease) in cash position	118,241	(217,637)
Cash position, beginning of year	1,275,121	1,492,758
Cash position, end of year	\$ 1,393,362	\$ 1,275,121
Cash is represented by:		
Operating cash	\$ 722,545	\$ 630,290
Severance reserve fund	670,817	644,831
	\$ 1,393,362	\$ 1,275,121

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2005

General:

Effective April 2, 1997, the Municipal Assessment Agency Inc. (the "Corporation") was incorporated under the laws of the Province of Newfoundland and Labrador to carry out assessment services for various municipalities throughout the Province of Newfoundland and Labrador pursuant to the Assessment Act. Prior to this date, these services were performed by the Department of Municipal and Provincial Affairs, Government of Newfoundland and Labrador (the "Department").

The Corporation has one common share with a par value of \$1.00 issued to the Minister of Municipal and Provincial Affairs, Government of Newfoundland and Labrador.

The Corporation is a crown corporation and, accordingly, is exempt from income taxes under Subsection 149(1)(d) of the Income Tax Act.

1. Summary of significant accounting policies:

The financial statements of the Corporation have been prepared within the framework of generally accepted accounting principles which require the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Corporation are as follows:

(a) Capital assets

Capital assets are purchased by the Corporation are recorded at cost. Amortization is recorded on a declining balance basis over the assets estimated useful lives at the following rates:

Furniture and equipment	20%
Computer hardware and software	30%
Integrated assessment system	30%

The Corporation is currently using furniture, equipment and computers provided by the Department. As title to these assets have not been transferred to the Corporation, they have not been recorded in the accounts.

(b) Revenue recognition

Government assistance related to acquisition of capital assets is deferred and amortized to income on the same basis as the related capital assets are amortized.

Revenue for the provision of assessment and valuation services is recognized when the services are rendered.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2005

1. Summary of significant accounting policies (continued):

(c) Accrued severance pay

Severance pay is accounted for on an accrued basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continued service and accrues to a maximum of twenty years and, accordingly, no provision has been made in the accounts for employees with less than nine years of continued service. The amount is payable when the employee ceases employment with the Corporation. The cash amount of the accrued severance pay is segregated into a severance reserve fund.

(d) Redundancy pay

Redundancy pay is recognized as a liability when it is probable that employees will be entitled to benefits and the amount can be reasonably estimated.

2. Accounts receivable:

	<u>2005</u>	<u>2004</u>
Trade receivables	\$ 252,129	\$ 183,045
Accrued interest	-	2,434
HST recoverable	50,106	24,597
Employee receivable	1,317	-
Allowance for doubtful accounts	<u>(156,217)</u>	<u>(86,545)</u>
	<u>\$ 147,335</u>	<u>\$ 123,531</u>

3. Long-term receivable

The Agency has entered into a contract with several of its customers to receive payment on the outstanding amounts over a period from two to four years, provided all future fees are paid on a current basis.

4. Severance reserve fund:

The Corporation has segregated funds for the accrued severance pay liability. The segregated funds are held in an interest bearing account at prime less 2%. The Corporation has internally restricted these funds to be used to pay any accrued severance and not to be used in normal business operations.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2004/5

5. Capital assets:

	<u>2005</u>		<u>2004</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer hardware and software	\$ 348,483	\$ 247,177	\$ 101,306	\$ 110,380
Furniture and equipment	164,701	84,041	80,660	58,690
Integrated assessment system	<u>1,101,632</u>	<u>942,282</u>	<u>159,350</u>	<u>227,643</u>
	<u>\$ 1,614,816</u>	<u>\$ 1,273,500</u>	<u>\$ 341,316</u>	<u>\$ 396,713</u>

6. Severance and vacation pay:

As at the time of incorporation, the Corporation assumed liabilities for severance pay, vacation and accrued overtime associated with employees transferred to the Corporation resulting in an opening deficit in the amount of \$366,950. During fiscal 2001, an agreement was reached with the province to fund this liability by a payment of \$160,000, which represented the present value of the liability as calculated by management.

The provision for severance and vacation pay consists of the following:

Severance pay	<u>2005</u>	<u>2004</u>
Opening balance	\$ 644,831	\$ 614,177
Current year expense	54,370	44,918
Usage	<u>(28,384)</u>	<u>(14,264)</u>
Closing balance	<u>\$ 670,817</u>	<u>\$ 644,831</u>
 Vacation pay	 <u>2005</u>	 <u>2004</u>
Opening balance	\$ 185,713	\$ 169,403
Current year expense	8,065	16,310
Usage	<u>(44,280)</u>	<u>-</u>
Closing balance	<u>\$ 149,498</u>	<u>\$ 185,713</u>

7. Deferred Contributions Operating:

Under a long term service contract credits were deferred and recognized as revenue over the three year life of the contract. As of March 31, 2005 the total amount was recognized.

MUNICIPAL ASSESSMENT AGENCY INC.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2005

8. Deferred Contributions - Capital:

The Corporation received Government funding in prior years that was deferred for future operating expenses and capital expenditures. During the year, the Corporation recognized the following deferred contributions.

	<u>2005</u>	<u>2004</u>
Opening balance	\$ 109,569	\$ 153,551
Capital contribution recognized	<u>31,305</u>	<u>43,982</u>
Closing balance	<u>\$ 78,264</u>	<u>\$ 109,569</u>

**NEWFOUNDLAND AND LABRADOR
ARTS COUNCIL**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

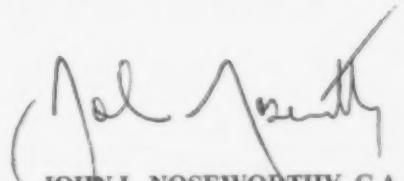
AUDITOR'S REPORT

To the Members
Newfoundland and Labrador Arts Council
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Arts Council as at 31 March 2005 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
24 June 2005

**NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
BALANCE SHEET**

31 March

2005

2004

ASSETS

Current

Cash	\$ 6,878	\$ 15,460
Short term investments, at cost	883	-
Accounts receivable (Note 2)	70,657	36,865
Prepaid expenses	1,457	1,846
	<u>79,875</u>	<u>54,171</u>

Capital assets (Note 3)

Arts Fund assets (Note 4)	140,148	146,933
	<u>\$ 220,023</u>	<u>\$ 201,104</u>

LIABILITIES AND EQUITY

Current

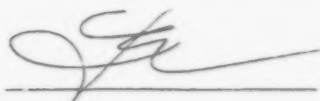
Accounts payable and accrued liabilities	\$ 73,873	\$ 89,126
Deferred revenue (Note 5)	50,000	2,430
	<u>123,873</u>	<u>91,556</u>

Equity

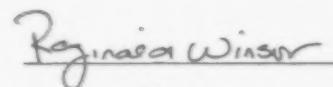
Deficit from operations	(43,998)	(37,385)
Arts Fund (Note 4)	140,148	146,933
	<u>96,150</u>	<u>109,548</u>
	<u>\$ 220,023</u>	<u>\$ 201,104</u>

See accompanying notes

Signed on behalf of the Council:



Chairperson



Member

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March

2005

2004

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Province of Newfoundland and Labrador grants	\$ 739,700	\$ 739,700	\$ 744,700
Projects (Note 6)	122,637	124,637	327,546
Interest	1,060	2,000	883
	<u>863,397</u>	<u>866,337</u>	<u>1,073,129</u>
EXPENSES			
Grants awarded			
Sustaining grants	250,000	250,000	250,000
Project	236,104	240,000	246,670
Professional Artists Travel Fund grants	9,500	9,000	13,000
Labrador initiative	7,500	7,500	7,500
	<u>503,104</u>	<u>506,500</u>	<u>517,170</u>
Projects (Note 7)	123,537	128,137	345,888
Operating expenses (Note 8)	243,369	233,357	210,535
	<u>870,010</u>	<u>867,994</u>	<u>1,073,593</u>
Excess of expenses over revenues	(6,613)	(1,657)	(464)
Deficit from operations, beginning of year	(37,385)	(37,385)	(36,921)
Deficit from operations, end of year	\$ (43,998)	\$ (39,042)	\$ (37,385)

See accompanying notes

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Newfoundland and Labrador Arts Council (the Council) operates under the authority of the *Arts Council Act* of the Province of Newfoundland and Labrador. The Council has the responsibility of fostering and promoting the study and enjoyment of and the production of works in the arts. The Council consists of twelve members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. The Council does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements. Outlined below is the significant accounting policy followed.

Capital assets

All capital assets are recorded at cost at the time of acquisition. Any contributions received toward the purchase of capital assets are recorded as a reduction in the cost of those assets. The cost of other capital asset additions for which no contributions are received are considered minor and are charged to expenses in the year of acquisition. Capital assets consist of computers and furniture and office equipment. Capital asset purchases over the past few years have been minor and any difference between the amount amortized based upon estimated useful life and that expensed by the Council is not material.

2. Accounts receivable

	<u>2005</u>	<u>2004</u>
Due from Province of Newfoundland and Labrador for strategic plan	\$ 50,000	\$ -
Harmonized Sales Tax	19,657	21,865
Other	1,000	15,000
	<u>\$ 70,657</u>	<u>\$ 36,865</u>

3. Capital assets

	<u>2005</u>	<u>2004</u>
Furniture, fixtures and equipment	\$ 83,357	\$ 83,357
Less: Expensed in year of acquisition	(79,442)	(79,442)
Contributions to capital assets	(3,915)	(3,915)
	<u>\$ -</u>	<u>\$ -</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2005

4. Arts Fund

The Arts Fund was created pursuant to Section 9 of the *Arts Council Act*. The principal of the Fund is to be kept intact and only the interest earned on the invested principal may be disbursed, at the discretion of the Council, to foster and promote the study, enjoyment and production of works in the arts. This Fund is comprised of monies received from the Consolidated Revenue Fund of the Province of Newfoundland and Labrador and from gifts and bequests received without terms. Interest earned on the Fund is held in trust in the Fund until it is withdrawn. For the year ended 31 March 2005 interest of \$3,215 (2004 - \$ 4,409) has been earned through investment of the Fund.

The Fund is comprised of monies received from:

	<u>2005</u>	<u>2004</u>
Province of Newfoundland and Labrador	\$ 40,000	\$ 40,000
Gifts and bequests as per Section 12(2) of the <i>Arts Council Act</i>	<u>10,352</u>	<u>10,352</u>
	<u>50,352</u>	<u>50,352</u>
Interest, beginning of year	96,581	92,172
Interest earned	3,215	4,409
Interest used to fund projects	<u>(10,000)</u>	<u>-</u>
Interest, end of year	<u>89,796</u>	<u>96,581</u>
	<u>\$ 140,148</u>	<u>\$ 146,933</u>

At 31 March 2005, the Fund consists of investments of \$64,067, cash of \$56,081 and \$20,000 due to the Fund from general operations. At 31 March 2004, the Fund consisted of investments of \$146,933.

5. Deferred revenue

Deferred revenue represents revenue relating to future operating periods. The revenue will be reported in the applicable future period to which it relates.

	<u>2005</u>	<u>2004</u>
Province of Newfoundland and Labrador grant for strategic plan	\$ 50,000	\$ -
Winterset Award	-	1,823
Arts Smarts	<u>-</u>	<u>607</u>
	<u>\$ 50,000</u>	<u>\$ 2,430</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2005

6. Revenues - Projects

	2005		2004
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Arts Smarts	\$ 86,457	\$ 86,457	\$ 117,097
Winterset Award	14,823	14,823	13,845
Interest from Arts Fund	10,000	10,000	-
Arts awards	8,500	10,500	6,500
HRSD - Summer Career Placement Program	1,857	1,857	1,860
Larry Jackson Award	500	500	1,000
Rhonda Payne Award	500	500	500
Aliant Cultural Innovations Program	-	-	128,227
Atlantic Scene	-	-	38,500
CEDA Senior Artists Research and Development Program	-	-	18,417
Cultural Human Resources Council Internship	-	-	1,600
	<u>\$ 122,637</u>	<u>\$ 124,637</u>	<u>\$ 327,546</u>

7. Expenses - Projects

	2005		2004
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Arts Smarts	\$ 79,892	\$ 86,457	\$ 117,097
Arts awards	25,965	24,000	24,842
Winterset Award	14,823	14,823	13,845
HRSD - Summer Career Placement Program	1,857	1,857	1,860
Larry Jackson Award	500	500	1,000
Rhonda Payne Award	500	500	500
Aliant Cultural Innovations Program	-	-	128,227
Atlantic Scene	-	-	38,500
CEDA Senior Artists Research and Development Program	-	-	18,417
Cultural Human Resources Council Internship	-	-	1,600
	<u>\$ 123,537</u>	<u>\$ 128,137</u>	<u>\$ 345,888</u>

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2005

8. Operating expenses

	2005		2004
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
Salaries and employee benefits	\$ 190,335	\$ 181,000	\$ 165,126
Travel and Council meetings	16,446	17,000	13,953
Office and postage	16,218	15,800	11,428
Project evaluating fees	8,633	8,500	8,922
Miscellaneous	4,175	3,757	3,587
Telephone	3,566	3,500	2,945
Professional services	2,100	1,800	1,800
Advertising	1,896	2,000	2,774
	<u>\$ 243,369</u>	<u>\$ 233,357</u>	<u>\$ 210,535</u>

9. Related party transactions

The Council leases office space from the Province of Newfoundland and Labrador at an annual rate of \$1.

10. Operating lease obligation

A photocopier has been leased for a five year term commencing 1 November 2002. Future minimum lease payments over the next 3 years are as follows:

2006	\$4,422
2007	\$4,422
2008	\$3,316

11. Pensions

Council staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Council and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2005 was \$11,428 (2004 - \$9,757).

12. Economic dependence

As a result of the Council's reliance on Provincial funding, the Council's ability to continue viable operations is dependent upon the decisions of the Province.

NEWFOUNDLAND AND LABRADOR ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
31 March 2005

13. Financial instruments

The Council's financial instruments recognized on the balance sheet consist of cash, short-term investments, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

14. Income taxes

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

15. Accounting change

During the year the Council commenced recording accrued vacation pay for its employees. This accounting change was applied retroactively with the Council's 2004 financial statements, as previously reported, being amended to reflect the impact of the change. As a result, accounts payable and accrued liabilities as previously reported has increased and surplus from operations has decreased, both by \$38,952, and operating expenses and excess of expenses over revenues have both decreased by \$10,974.

16. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

**Newfoundland and Labrador Centre for
Health Information
Financial Statements
March 31, 2005**

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Directors of the
Newfoundland and Labrador Centre for Health Information

We have audited the statement of financial position of the **Newfoundland and Labrador Centre for Health Information** at March 31, 2005 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Centre for Health Information as at March 31, 2005 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 30, 2005

Grant Thornton LLP
Chartered Accountants

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**Newfoundland and Labrador Centre for
Health Information
Statements of Operations and Changes in Net Assets**

Year Ended March 31	2005	2004
Revenue		
Government grants	\$ 1,924,319	\$ 1,591,400
Canada Health Infoway	2,884,360	1,978,658
Research funding	408,307	229,066
Other	350,138	71,004
Amortization of deferred capital contributions	<u>1,950,329</u>	<u>1,546,885</u>
	<u>7,517,453</u>	<u>5,417,013</u>
Expenditure		
Advertising	1,770	798
Consulting fees	2,596,431	1,624,010
Contract services	1,000	-
Data communications	132,400	40,163
Depreciation	1,857,261	1,526,433
Meetings	575	1,205
Miscellaneous	3,489	10,027
Office supplies	80,518	117,800
Professional fees	4,368	10,912
Rent	122,462	115,199
Salaries and benefits	2,145,859	1,489,376
Software maintenance	118,159	221,857
Telephone	42,607	31,566
Training	16,423	16,476
Travel	<u>190,652</u>	<u>113,335</u>
	<u>7,313,974</u>	<u>5,319,157</u>
Excess of revenue over expenditure	<u>\$ 203,479</u>	<u>\$ 97,856</u>
Net assets, beginning of year	\$ 576,144	\$ 478,288
Excess of revenue over expenditure	<u>203,479</u>	<u>97,856</u>
Net assets, end of year	<u>\$ 779,623</u>	<u>\$ 576,144</u>

See accompanying notes to the financial statements.

Grant Thornton 

**Newfoundland and Labrador Centre for
Health Information
Statement of Financial Position**

March 31 2005 2004

Assets

Current

Cash and cash equivalents	\$ -	\$ 3,320
Receivables (Note 3)	<u>1,765,670</u>	<u>1,710,766</u>
	1,765,670	1,714,086

Capital assets (Note 4)	<u>1,423,707</u>	<u>2,148,683</u>
	<u>\$ 3,189,377</u>	<u>\$ 3,862,769</u>

Liabilities

Current

Payables and accruals (Note 5)	\$ 203,430	\$ 381,122
Deferred capital contributions (Note 6)	746,918	859,026
Deferred revenue	<u>629,994</u>	<u>370,965</u>
	1,580,342	1,611,113

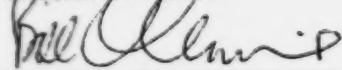
Deferred capital contributions (Note 6)	623,978	1,521,501
Accrued severance pay	<u>205,434</u>	<u>154,011</u>
	2,409,754	3,286,625

Net Assets

Net assets	<u>779,623</u>	<u>576,144</u>
	<u>\$ 3,189,377</u>	<u>\$ 3,862,769</u>

Commitments (Note 8)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Grant Thornton

**Newfoundland and Labrador Centre for
Health Information
Statement of Cash Flows**

Year Ended March 31	2005	2004
Increase (decrease) in cash and cash equivalents		
Operating activities		
Excess of revenue over expenditure	\$ 203,479	\$ 97,856
Items not requiring a cash outlay		
Depreciation	1,857,261	1,526,433
Amortization of deferred capital contributions	(1,950,329)	(1,546,885)
Increase in severance pay accrual	51,423	14,415
	161,834	91,819
Change in non-cash operating working capital (Note 7)	26,433	(562,214)
Cash provided by (used in) operating activities	188,267	(470,395)
Financing activities		
Capital contributions	1,077,806	480,973
Decrease in contractual obligations	-	(745,413)
Cash provided by (used in) financing activities	1,077,806	(264,440)
Investing activities		
Receivables - capital	-	1,264,961
Transfer to Department of Health and Community Services	(137,108)	(20,261)
Purchase of capital assets	(1,132,285)	(506,545)
Cash (used in) provided by investing activities	(1,269,393)	738,155
(Decrease) increase in cash and cash equivalents	(3,320)	3,320
Cash and cash equivalents		
Beginning of year	3,320	-
End of year	\$ -	\$ 3,320

See accompanying notes to the financial statements.

Grant Thornton 

Newfoundland and Labrador Centre for Health Information Notes to the Financial Statements

March 31, 2005

1. Nature of operations

The Newfoundland and Labrador Centre for Health Information (the Centre) was established on August 22, 1997 to lead the development of a provincial Health Information Network, to promote information standards, and capture and analyze relevant health statistics in Newfoundland and Labrador. The Centre was formed to implement the recommendations of the Health System Information Task Force, including the Management Information Systems Project, which was administered by the Newfoundland and Labrador Health and Community Services Association.

2. Summary of significant accounting policies

These financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenues and expenditures relating to the operations carried on under the name of Newfoundland and Labrador Centre for Health Information.

Use of estimates

In preparing the Centre's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditure during the year. Actual results could differ from these estimates.

Revenue recognition

Government grants are recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue. Revenue from research and other contracts is recognized as the related expenditures are incurred.

Administrative expenditures

The Centre is administered by contractual employees, salaried employees and employees seconded from and paid by the provincial Department of Health and Community Services. Administrative expenditures related to the Centre which are paid through the Department of Health and Community Services are not reflected in these statements.

Grant Thornton 

Newfoundland and Labrador Centre for Health Information Notes to the Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd.)

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Depreciation

Rates and basis of depreciation applied to write off the cost of capital assets over their estimated lives are as follows:

Computer equipment	20%, straight line
Office furniture	15%, straight line
Computer software	33%, straight line
Unique Personal Identifier	33%, straight line
Pharmacy Network	33%, straight line

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight line basis using the same rates as depreciation expense related to the capital assets purchased.

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay vests with employees with nine years of continual service, and accordingly no provision has been made in accounts for employees with less than nine years of continual service. As well, no provision has been made for contractual employees and employees seconded from the provincial Department of Health and Community Services. Severance pay is payable when the employee ceases employment with the Centre.

Pension costs

Employees of the Centre are covered by the Public Service Pension Plan administered by the Government of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Centre. The annual contributions for pensions are recognized in the accounts on a current basis.

Grant Thornton 

**Newfoundland and Labrador Centre for
Health Information
Notes to the Financial Statements**

March 31, 2005

3. Receivables	2005	2004
Government of Newfoundland and Labrador	\$ 141,923	
Health Care Corporation of St. John's	382,577	\$ 38,124
Canada Health Infoway	425,017	1,537,763
Harmonized sales tax	635,748	-
Other	180,405	134,879
	<u>\$ 1,765,670</u>	<u>\$ 1,710,766</u>

4.	Capital assets		<u>2005</u>	<u>2004</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 822,475	\$ 550,778	\$ 271,697	\$ 324,434
Office furniture	73,948	53,065	20,883	24,862
Computer software	1,372,451	539,700	832,751	233,258
Unique Personal Identifier	3,401,478	3,370,939	30,539	1,038,332
Pharmacy Network	<u>787,757</u>	<u>519,920</u>	<u>267,837</u>	<u>527,797</u>
	<u>\$6,458,109</u>	<u>\$ 5,034,402</u>	<u>\$ 1,423,707</u>	<u>\$ 2,148,683</u>

5. Payables and accruals	2005	2004
Trade and sundry	\$ 52,218	\$ 286,183
Vacation and compensatory pay	151,212	94,939
	<u>\$ 203,430</u>	<u>\$ 381,122</u>

6. Deferred capital contributions	2005	2004
Current		
Opening balance	\$ 859,026	\$ 875,048
Capital contributions	1,077,806	480,973
Transfer to Department of Health and Community Services	(137,108)	(20,261)
Purchase of capital assets	(1,052,806)	(476,734)
Ending balance	<u>\$ 746,918</u>	<u>\$ 859,026</u>
Long term		
Opening balance	\$ 1,521,501	\$ 2,591,652
Purchase of capital assets	1,052,806	476,734
Amortization of deferred contributions	(1,950,329)	(1,546,885)
Ending balance	<u>\$ 623,978</u>	<u>\$ 1,521,501</u>

Grant Thornton

**Newfoundland and Labrador Centre for
Health Information**

Notes to the Financial Statements

March 31, 2005

7. Supplemental cash flow information	2005	2004
Change in non-cash operating working capital		
Receivables	\$ (54,904)	\$ (848,291)
Payables and accruals	(177,692)	95,112
Deferred revenue	<u>259,029</u>	<u>190,965</u>
	<u>\$ 26,433</u>	<u>\$ (562,214)</u>

8. Commitments

The Centre is committed under an operating lease agreement for the rental of office space to make annual payments as follows: 2006 - \$122,218; and 2007 - \$91,664.

9. Financial instruments

The Centre's primary financial instruments recognized in the statement of financial position consist of receivables, payables and accruals, deferred capital contributions, deferred revenue, contractual obligations and accrued severance pay. The carrying value of the primary financial instruments of the Centre approximate fair value due to the normal trade credit terms and conditions of those instruments.

Grant Thornton 

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
FINANCIAL STATEMENTS
31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

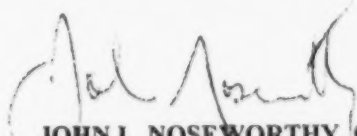
AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Crop Insurance Agency
Corner Brook, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2005 and the statement of revenues, expenses and deficit for the year then ended. These financial statements are the responsibility of the Agency's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Crop Insurance Agency, Newfoundland and Labrador Crop Insurance Fund as at 31 March 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.


JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
23 June 2005

**NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
BALANCE SHEET**

31 March

2005

2004

ASSETS

Current

Cash	\$ 89,771	\$ 80,506
Accounts receivable (Note 2)	4,409	2,691
	<u>\$ 94,180</u>	<u>\$ 83,197</u>

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities (Note 3)	\$ 950	\$ 1,816
---	--------	----------

Equity

Contributions – Province of Newfoundland and Labrador	280,000	280,000
Deficit	(186,770)	(198,619)
	<u>93,230</u>	<u>81,381</u>
	<u>\$ 94,180</u>	<u>\$ 83,197</u>

See accompanying notes

Signed on behalf of the Board:

C. McDonald
Chair

[Signature]
Member

**NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES AND DEFICIT**

For the Year Ended 31 March

2005

2004

REVENUES

Government of Canada (Note 4)	\$ 156,671	\$ 196,707
Province of Newfoundland and Labrador (Note 4)	104,448	131,137
Premiums from insured persons	20,823	8,328
Appeal administration fee	-	200
	<u>281,942</u>	<u>336,372</u>

EXPENSES

Administration (Note 5)		
Arbitration expenses	1,411	-
Bank charges	67	9
Board expenses	1,669	1,604
Equipment	-	1,421
Professional services	1,250	1,200
Purchased services	3,786	7,546
Refund of appeal fee	200	25
Salaries and employee benefits	140,579	156,826
Supplies	7,080	10,141
Transportation and communications	21,785	19,072
	<u>177,827</u>	<u>197,844</u>
Indemnity claims	92,266	61,111
	<u>270,093</u>	<u>258,955</u>
Excess of revenues over expenses	11,849	77,417
Deficit, beginning of year	(198,619)	(276,036)
Deficit, end of year	<u>\$ (186,770)</u>	<u>\$ (198,619)</u>

See accompanying notes

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2005

Authority

The Newfoundland and Labrador Crop Insurance Agency (the Agency) operates under the authority of the *Crop Insurance Act*. The purpose of the Agency is to operate the Newfoundland and Labrador Crop Insurance Fund which provides insurance to farmers of the Province through restricting the amount of financial loss due to crop failure. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. These statements are a representation of the activities of the Newfoundland and Labrador Crop Insurance Fund.

1. Significant accounting policies

These financial statements have been prepared by the Agency's management in accordance with Canadian generally accepted accounting principles. The Agency does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Accounts receivable

	<u>2005</u>	<u>2004</u>
Province of Newfoundland and Labrador	\$ 1,217	\$ 1,816
Premiums from insured persons	6,247	3,930
	7,464	5,746
Less: allowance for doubtful accounts	3,055	3,055
	\$ 4,409	\$ 2,691

3. Accounts payable and accrued liabilities

	<u>2005</u>	<u>2004</u>
Premiums overpayment	\$ -	\$ 866
Province of Newfoundland and Labrador	950	950
	\$ 950	\$ 1,816

NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2005

4. Premium contributions and administration expenditures

Under an agreement with the Government of Canada, the Province of Newfoundland and Labrador recovers 60% of the total government contribution for premiums and administration expenses.

	<u>2005</u>	<u>2004</u>
Province of Newfoundland and Labrador		
Premiums contributions	\$ 33,317	\$ 52,013
Payments for administration	71,131	79,124
	<u>\$ 104,448</u>	<u>\$ 131,137</u>
Government of Canada		
Premiums contributions	\$ 49,975	\$ 78,021
Payments for administration	106,696	118,686
	<u>\$ 156,671</u>	<u>\$ 196,707</u>

5. Payments on behalf of the Agency for administration

Agency staff are employees of the Department of Natural Resources. Salaries and other costs of \$177,560 (2004 - \$197,810) applicable to the operation of the Agency have been paid by the Department and are reflected in these financial statements as expenses of the Agency and as revenue in the form of payments made by the Province and the Government of Canada.

6. Economic dependence

As a result of the Agency's reliance on Provincial funding to meet its operating costs, the Agency's ability to continue viable operations is dependent upon continued funding from the Province.

7. Financial instruments

The Agency's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the financial instruments.

**NEWFOUNDLAND AND LABRADOR CROP INSURANCE AGENCY
NEWFOUNDLAND AND LABRADOR CROP INSURANCE FUND
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2005**

8. Income taxes

The Agency is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

9. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

**NEWFOUNDLAND AND LABRADOR
EDUCATION INVESTMENT CORPORATION**

FINANCIAL STATEMENTS

20 MAY 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

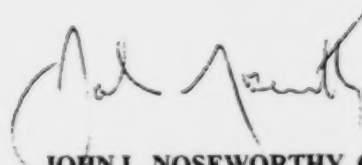
AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Education
Investment Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Education Investment Corporation as at 20 May 2005 and the statement of revenues, expenses and deficit for the period then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 20 May 2005 and the results of its operations for the period then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
6 September 2005

**NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION
BALANCE SHEET**

20 May 2005 **20 May** **31 March**
(with comparative figures as at 31 March 2004) **2005** **2004**

ASSETS

Accounts receivable	\$	-	\$	102,349
Due from related parties		-		254,922
Due from the Province of Newfoundland and Labrador		-		4,000,000
Harmonized Sales Tax receivable		-		726,390
	\$	-	\$	5,083,661

LIABILITIES AND EQUITY

Bank overdraft	\$	-	\$	77,866,459
Accounts payable and accrued liabilities		-		773,794
Advances received from the Department of Education		-		325,749
Holdbacks payable		-		1,192,803
Due to related parties		-		49,852
		-		80,208,657

Equity

Share capital		-		-
Deficit		-		(75,124,996)
		-		(75,124,996)
	\$	-	\$	5,083,661

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Period Ended 20 May 2005

(with comparative figures for the year ended 31 March 2004)

	2005	2004
REVENUES	\$ 218	\$ -
EXPENSES		
Administration	480,982	505,445
Bank charges	2,167,482	2,313,444
Funded initiatives	14,790,084	22,408,098
	17,438,548	25,226,987
Excess of expenses over revenues before transfer from the Province	(17,438,330)	(25,226,987)
Transfer from the Province (Note 2)	22,035,900	11,618,100
Excess of revenues over expenses (expenses over revenues)	4,597,570	(13,608,887)
Additional transfer from the Province for dissolution (Note 3)	70,527,426	-
Deficit, beginning of year	(75,124,996)	(61,516,109)
Deficit, end of year	\$ -	\$ (75,124,996)

See accompanying notes

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
20 May 2005

Authority

The Newfoundland and Labrador Education Investment Corporation (the Corporation) was incorporated on 27 March 1998 under the *Corporations Act* of the Province of Newfoundland and Labrador. The Province holds 100% of the issued common shares. The affairs of the Corporation are managed by a board of directors (the Board) appointed by the Lieutenant-Governor in Council. All Board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board was to provide funds to school boards and others for the construction, renovation, extension and equipping of educational facilities in the Province and to carry out other business or objectives as directed by the Lieutenant-Governor in Council.

As directed by Government, the Department of Education assumed the Corporation's objectives as of 31 March 2005 and instructed the Board to dissolve the Corporation (dissolution date 20 May 2005). In April 2005, the Board approved the extension of the fiscal year end from 31 March 2005 to 20 May 2005. As a result, these financial statements represent the Corporation's final financial position and results of operations.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Corporation does not prepare a statement of cash flows since the changes in cash flows are readily apparent from the other statements.

2. Related party transactions

During the period, a non-repayable amount of \$22,035,900 (2004-\$11,618,100) was approved by the Government of Newfoundland and Labrador and subsequently transferred to the Corporation.

The Corporation was administered by employees of the Department of Education and the Department of Finance. Projects funded by the Corporation were primarily managed by the Department of Transportation and Works. Costs of administration were paid directly by the departments and reimbursed by the Corporation.

3. Transfer from the Province/Cessation of business

On 22 March 2005, Government authorized the Minister of Finance and President of Treasury Board to issue monies to facilitate retiring the debt of the Corporation and to have all assets and liabilities assigned to the Department of Education, with any residual cash paid over to the Consolidated Revenue Fund. On 31 March 2005, cheques were issued in the amount of \$70,737,054 to pay off the line of credit belonging to the Corporation. In April 2005, \$209,628 was deposited into the Consolidated Revenue Fund representing the residual cash balance of the Corporation. This resulted in a net transfer from the Province for dissolution of \$70,527,426. The Corporation ceased doing business on 20 May 2005 and filed for dissolution with the Registry of Companies on 23 August 2005.

NEWFOUNDLAND AND LABRADOR EDUCATION INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
20 May 2005

4. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

**Newfoundland and Labrador
Farm Products Corporation
Financial Statements
May 31, 2005**

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Honourable Minister of Natural Resources

We have audited the balance sheet of **Newfoundland and Labrador Farm Products Corporation** at May 31, 2005, and the statements of loss and deficit and cash flows for the fourteen months then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at May 31, 2005, and the results of its operations and its cash flows for the fourteen months then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures for the year ended March 31, 2004 were unaudited and compiled by management. We have not examined, and do not express an opinion on, the financial statements for the year ended March 31, 2004.

Grant Thornton LLP

St. John's, Newfoundland
June 15, 2005

Grant Thornton LLP
Chartered Accountants

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**Newfoundland and Labrador Farm Products
Corporation**

Statements of Loss and Deficit

(Note 10)

Fourteen Months Ended May 31

2005

2004

Revenue

Government of Newfoundland and Labrador

Corner Brook grant (Note 7)

\$ 51,661

Gain on sale of property and equipment

\$ 72,647

-

Other

109

1,278

72,756

52,939

Expenses

Corner Brook plant (Note 7)

67,371

72,780

Inventory write down

25,000

-

Depreciation

1,261

1,341

Administrative

729

33

94,361

74,154

Net loss

\$ (21,605)

\$ (21,215)

Deficit, beginning of year

\$(11,972,358)

\$(11,951,143)

Net loss

(21,605)

(21,215)

Deficit, end of year

\$(11,993,963)

\$(11,972,358)

See accompanying notes to the financial statements.

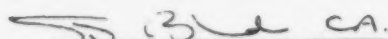
Grant Thornton 

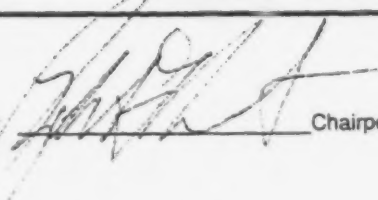
**Newfoundland and Labrador Farm Products
Corporation
Balance Sheet**

May 31	2005	(Note 10) 2004
Assets		
Current		
Cash and cash equivalents	\$ 31,011	\$ 16,147
Receivables (Note 4)	7,407	2,487
Inventories (Note 5)	-	25,000
	38,418	43,634
Property and equipment (Note 6)	-	15,571
	<u>\$ 38,418</u>	<u>\$ 59,205</u>

Liabilities		
Current		
Payables and accruals	\$ 6,785	\$ 5,967
Surplus		
Contributed surplus	12,025,596	12,025,596
Deficit	(11,993,963)	(11,972,358)
	31,633	53,238
	<u>\$ 38,418</u>	<u>\$ 59,205</u>

On behalf of the Board

 CA. Director

 Chairperson

See accompanying notes to the financial statements.

Grant Thornton

**Newfoundland and Labrador Farm Products
Corporation
Statement of Cash Flows**

Fourteen Months Ended May 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating

Net loss	\$ (21,605)	\$ (21,215)
Depreciation	1,261	1,341
Gain on sale of property and equipment	<u>(72,647)</u>	<u>-</u>
	(92,991)	(19,874)

Change in non-cash operating working capital
(Note 8)

<u>20,898</u>	<u>(90,425)</u>
<u>(72,093)</u>	<u>(110,299)</u>

Investing

Proceeds on sale of property and equipment	<u>86,957</u>	<u>-</u>
--	---------------	----------

Net increase (decrease) in cash and cash equivalents **14,864** (110,299)

Cash and cash equivalents

Beginning of year	<u>16,147</u>	<u>126,446</u>
End of year	<u>\$ 31,011</u>	<u>\$ 16,147</u>

See accompanying notes to the financial statements.

Grant Thornton

Newfoundland and Labrador Farm Products Corporation

Notes to the Financial Statements

May 31, 2005

1. Nature of operations

The Corporation is a Provincial Crown Corporation, which operates under the authority of the Farm Products Corporation Act and reports on its operations to the Minister of Natural Resources.

The Corporation is dependent upon the Government of Newfoundland and Labrador ("Government") to fund its annual operating costs.

2. Sale of Corner Brook Facilities

On April 1, 2002 the Corporation entered into a lease with Maple Valley Food Products Limited for the period April 1, 2002 to September 30, 2003 for use of the Corporation's building and equipment. The lease was extended pending a proposal call for sale of these facilities. As a result of the proposal call, all property and equipment of the Corner Brook facility was sold in May 2005 for proceeds of \$86,957.

As a result of the sale, it is the intention of the Corporation to seek approval from Government to wind up the Corporation once all financial matters are concluded.

3. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are set out below.

Use of estimates

In preparing the Corporation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Operating grants

Operating grants received from Government are normally treated as a reduction of the operating loss for the year. A grant of \$500,000 received in 1998/99 was earmarked towards divestiture and operating activities of the Corner Brook plant beyond April 1, 1999, and was recorded as a deferred grant. A further \$200,000 was provided by Government to the Corporation in 2001/02 to cover costs to September 30, 2003. During the year \$Nil (2004 - \$51,661) (see Note 7) of the deferred grant was used to offset expenditures for the Corner Brook plant.

Grant Thornton 

**Newfoundland and Labrador Farm Products
Corporation**
Notes to the Financial Statements
May 31, 2005

3. Summary of significant accounting policies (cont'd.)

Depreciation

Rates of depreciation applied to write-off the cost of property and equipment over their estimated lives are as follows:

Buildings	5%, declining balance
Machinery and equipment	20% declining balance and units of production
Office furniture and equipment	20%, declining balance

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balance with banks.

Inventories

Inventory is valued at net realizable value.

Income taxes

The Corporation is a Crown entity and as such is not subject to either federal or provincial income taxes.

4. Receivables	2005	2004
Harmonized Sales Tax	<u>\$ 7,407</u>	<u>\$ 2,487</u>

5. Inventories	2005	2004
Materials and supplies - Corner Brook Plant	<u>\$ -</u>	<u>\$ 25,000</u>

Materials and supplies relate to tools and spare parts for machinery and equipment. These items were sold as part of the sale of property and equipment in May 2005 for proceeds of \$Nil.

Newfoundland and Labrador Farm Products Corporation

Notes to the Financial Statements

May 31, 2005

6. Property and equipment	<u>2005</u>	<u>2004</u>
	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ -	\$ 1
Buildings	-	12,930
Machinery and equipment	-	2,584
Office furniture and equipment	-	56
	<u>\$ -</u>	<u>\$ 15,571</u>

7. Corner Brook expenses

During 2003/04 the deferred grant was reduced by \$51,661 representing Corner Brook's net expenditures. In addition, during 2003/04 Corner Brook costs totaling \$21,119 were financed from internal financial resources of Newfoundland and Labrador Farm Products, for total net expenditures of \$72,780. As at March 31, 2004, the deferred grant was \$Nil.

Details of Corner Brook net expenditures are as follows:

	<u>2005</u>	<u>2004</u>
Heat and light	\$ 56,282	\$ 48,139
Consulting services	5,746	-
Municipal taxes	2,533	15,579
Office and administration	1,810	1,514
Audit fees	1,000	2,000
Insurance	-	11,072
	<u>67,371</u>	<u>78,304</u>
Corner Brook share of interest revenue	-	(4,024)
Over estimate of termination benefits	-	(1,500)
	<u>\$ 67,371</u>	<u>\$ 72,780</u>

Newfoundland and Labrador Farm Products Corporation

Notes to the Financial Statements

May 31, 2005

8. Supplemental cash flow information	<u>2005</u>	2004
Change in non-cash operating working capital		
Receivables	\$ (4,920)	\$ 7,893
Inventories	25,000	-
Payables and accruals	818	(46,657)
Deferred grant	-	(51,661)
	<u>\$ 20,898</u>	<u>\$ (90,425)</u>

9. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

10. Comparative figures

The prior year comparative figures are for the 12 months ended March 31, 2004.

**Newfoundland and Labrador Film
Development Corporation**

Financial Statements

March 31, 2005

Auditors' Report

To the Board
Newfoundland and Labrador Film Development Corporation

We have audited the balance sheet of Newfoundland and Labrador Film Development Corporation as at March 31, 2005 and the statement of operations, surplus, cash flow and schedule of receipts and commitments - Equity Investment Program for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 1 describes the accounting policies used with respect to the Corporation's program grants, loans and equity investments and their recoveries, and costs incurred by Provincial government departments for services rendered. In this respect the financial statements are not in accordance with Canadian generally accepted accounting principles.

In our opinion, except for the effects of the failure to record program grants, loans and equity investments and costs incurred by Provincial government departments for services rendered as mentioned in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

Pinsent & Associates

Pinsent & Associates
Certified General Accountants

St. John's, NL
July 4, 2005

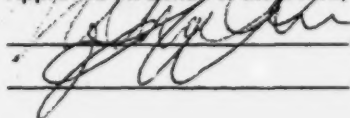
Newfoundland and Labrador Film Development Corporation

Balance Sheet

As At March 31, 2005

	Note	2005	2004
Assets			
Current Assets			
Cash		\$ 151,843	\$ 257,911
Short term investments		-	89,898
Accounts receivable, net of allowances		26,655	14,751
Prepaid		8,768	11,030
Total Current Assets		187,266	373,590
Property, plant and equipment	2.	12,545	15,710
Total Assets		\$ 199,811	\$ 389,300
Liabilities and Shareholders' Equity			
Current Liabilities			
Payables and accruals		\$ 36,934	\$ 26,871
Equity investment program payables		39,533	265,578
Holdbacks payable - Equity investment program		111,971	61,026
Total Liabilities		188,438	353,475
Equity			
Share capital	7.	3	3
Surplus - end of year		11,370	35,822
Total Equity		11,373	35,825
Total Liabilities & Equity		\$ 199,811	\$ 389,300

Approved on Behalf of the Board;



Newfoundland and Labrador Film Development Corporation

Statement of Operations

For the Year Ended March 31, 2005

	Note	2005	2004
Revenue			
Canada-Newfoundland Comprehensive Economic Development Agreement (CEDA)		\$ -	\$ 550,000
Atlantic Canada Opportunities Agency - Business Development Program (BDP)		420,000	-
Provincial Government - Department of Tourism, Culture and Recreation		180,000	-
HST rebate		-	32,845
Film Pro-expense reimbursement		-	3,953
Interest income		1,573	231
Total revenue		601,573	587,029
Operating expenses			
Advertising and promotion		1,142	2,249
Conferences and travel	8.	102,882	96,213
Amortization of tangible assets		4,228	5,108
Guest productions		-	7,006
Office administration		96,384	91,766
Printed materials		1,863	1,544
Professional fees		12,830	29,540
Promotional and publications		14,567	37,009
Salaries and wages		326,802	260,276
Sponsorships	9.	41,427	50,805
Miscellaneous expense		3,950	-
Total operating expenses		606,075	581,516
Net (Loss)Income		\$ (4,502)	\$ 5,513

Newfoundland and Labrador Film Development Corporation

Statement of Surplus

For the Year Ended March 31, 2005

	Note	2005	2004
Surplus - beginning of year	\$	35,822	\$ 19,523
Net income (loss)		(4,502)	5,511
Excess of receipts over commitments (commitments over receipts) - Equity Investment Program (EIP) - Schedule of Receipts and Commitments		(19,950)	10,788
Surplus - end of year	\$	11,370	\$ 35,822

Newfoundland and Labrador Film Development Corporation

Statement of Cash Flow

For the Year Ended March 31, 2005

	Note	2005	2004
Cash flow from operating activities			
Net income (loss) for the period	\$	(4,502)	\$ 5,511
Excess of receipts over commitments (commitments over receipts)		(19,950)	10,788
Amortization		4,228	5,108
		(20,224)	21,407
Changes in non-cash working capital balances			
Decrease (increase) in accounts receivable		(11,904)	14,091
Accounts payable and accrued liabilities		(165,036)	178,247
Decrease (increase) in prepaid expense		2,262	(1,050)
Total cash flow from operating activities		(194,902)	212,695
Cash flows from/used in investing activities			
Property, plant and equipment additions		(1,064)	(2,495)
Net increase in cash and cash equivalents		(195,966)	210,200
Net cash and cash equivalents, beginning of period		347,809	137,609
Net cash and cash equivalents, end of period	\$	151,843	\$ 347,809
 Cash and cash equivalents consist of the following:			
Cash	\$	151,843	\$ 257,911
Short term investments		-	89,898
Cash and cash equivalents	\$	151,843	\$ 347,809

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2005

1. Accounting Policies

Basis of preparation

The accounting policies of the Corporation are in accordance with Canadian generally accepted accounting principles applied on a basis consistent with that of the preceding year except for policies relating to program grants, loans and equity investments. Outlined below are those policies considered particularly significant.

Nature of operations

The Corporation is incorporated under the laws of the Province of Newfoundland and Labrador. Its primary purpose is to promote the development of, and to stimulate employment and investment in, the Newfoundland film and video industry by providing financial and other assistance.

The Corporation has been designated by the Province's Finance Minister to administer the Newfoundland Film Tax Credit Program, including registration of productions, review of tax credit applications and recommendations to the Department of Finance.

The Corporation is exempt from paying income taxes under Section 149 of the Canadian Income Tax Act.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have impact on future periods.

Fair values

The company has determined that the estimated fair value of the financial assets and liabilities do not differ considerably from their book value.

Amortization

Property, plant and equipment is carried at cost. Amortization is provided annually at rates indicated, calculated to write off the assets over their useful lives, except in the year of acquisition when one-half of the rate is used.

Program grants, loans and equity investments

Program grants, loans and equity investments are charged to current expenditures as disbursed. Recoveries derived from equity investments are recorded as revenue when received. Recoveries of project development loans are offset against expenditures when received.

Cost incurred by Provincial government departments providing certain services to the Corporation are not reflected in these statements.

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2005

2. Property, Plant and Equipment

Property, plant and equipment consists of the following:

					2005	2004
		Cost	Accumulated Amortization		Net Book Value	Net Book Value
Computer equipment	30%	\$ 32,395	\$ (26,372)	\$	6,023	\$ 8,052
Furniture & fixtures	20%	21,275	(14,753)		6,522	7,468
Computer software	100%	378	(378)	-		190
Total		\$ 54,048	\$ (41,503)	\$	12,545	\$ 15,710

3. Equity Investments

Production assistance in the form of equity investment is provided to eligible producers for the financing of productions that will provide employment and economic benefits to Newfoundlanders and Labradorians. Equity investments are made with the condition of repayment through participation in revenue generated by projects. Revenue is recorded as received.

The total of these equity investments of the Corporation to March 31, 2005 was \$5,646,230; (2004 - \$4,136,549; 2003 - \$3,516,975; 2002 - \$2,584,797; 2001 - \$1,770,781; 2000 - \$662,506).

Recoupment of \$43,246 had been received to March 31, 2005.

4. Project Development Loans

The Corporation provides loans to qualified applicants to support the process of film and video development that takes an idea through the stages of research, writing, market analysis and costing. This work must precede the completion of production financing arrangements. Support for the development of a project does not necessarily imply support for a production. All project development loans are charged to current expenditures when disbursed.

Project development loans are interest free and are to be repaid on the earlier of the first day of principal photography or on the optioning, sale, or transfer of the property to a third party. Total development loans to March 31, 2005 were \$1,303,367; (2004 - \$1,124,214; 2003 - \$749,542; 2002 - \$509,756; 2001 - \$323,342; 2000 - \$179,393).

5. Commitments

Because of the lead times required to obtain all the resources necessary to complete film and video productions, the Corporation approves applications for funding which will not result in program disbursements until subsequent fiscal periods.

As at March 31, 2005, the Corporation was contractually committed to advance funds totaling \$759,683 from the Equity Investment Program as investments and loans in respect of current and future projects.

The Corporation has entered into a one-year rental agreement with Imperial House Inc. commencing May 1, 2005.

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2005

6. Economic Dependence

The Corporation is economically dependant on the Federal and Provincial governments for annual funding.

7. Shareholders' Equity

Authorized:

600 common shares of no par value

Issued and outstanding shares:

600 common shares

	2005	2004
Common shares	\$ 3	\$ 3

8. Conferences and Travel

Financial contributions (reimbursements) received from Industry Canada (under the Trade Routes Program) were applied against conference and travel expenses. The composition of these expenses and financial contributions are as follows:

	2005	2004
Conferences and travel	\$ 112,523	\$ 96,213
Less: Reimbursements from Industry Canada	(9,641)	-
Net Conference and Travel Expenses	\$ 102,882	\$ 96,213

9. Sponsorships

Financial contributions (reimbursements) received from Atlantic Canada Film Partners (ACFP) were applied against sponsorship expenses. The composition of these expenses and financial contributions are as follows:

	2005	2004
Sponsorships	\$ 66,924	\$ 100,902
Less: Reimbursements from ACFP	(25,496)	(50,097)
Net Sponsorship Expenses	\$ 41,427	\$ 50,805

10. Financial Instruments

The Corporation's financial instruments consist of receivables, accounts payable, equity investment payables, holdback payables, and commitments. Unless otherwise noted, it is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risk arising from these financial instruments. The fair value of the instruments approximates their carrying values, unless otherwise noted.

Newfoundland and Labrador Film Development Corporation

Notes to the Financial Statements

March 31, 2005

11. Comparative Figures

Prior year figures have been reclassified where applicable to conform with the current year presentation and these figures were prepared by another auditor.

Newfoundland and Labrador Film Development Corporation

Schedule of Receipts and Commitments - Equity Investment Program
For the Year Ended March 31, 2005

	Note	2005	2004
Receipts:			
Government Funding	Equity Investment Program	1,500,000	1,000,000
Recoupment	Equity Investment Program	18,399	15,024
Reduction of funding:			
Red Door Films Inc.	Red Door	89,045	-
Funding which has lapsed:			
Best Boy Productions Inc.	Deaf Defying	18,000	-
Factory Lane Productions Inc.	The Kariuk	8,000	-
Rink Rat Productions Inc.	A Woman Between Two Islands	6,880	-
Rink Rat Productions Inc.	Dark Tickle	9,315	-
Springwater Productions Inc.	Mina Hubbards Way	23,000	-
Upskydown Films	Heber Peach	10,380	-
		1,683,019	1,015,024
Current year commitments:			
2M Innovative Inc.	Hatching Matching & Dispatching	212,735	5,570
Above and Beyond Inc.	Above and Beyond	151,222	-
Alpha Productions Inc.	Boys From the Fringe	300	72,179
Augusta Productions Inc.	Pleasant Street	-	29,500
Augusta Productions Inc.	Duckworth	-	11,440
Best Boy Productions Inc.	Deaf Defying	-	18,000
Dark Flowers Productions Inc.	Hospital City	-	54,000
Edge of the Earth Productions Inc.	Letters to Eliza	-	3,766
Edge of the Earth Productions Inc.	Traces	11,412	-
Factory Lane Productions Inc.	A Life in Pictures	-	5,276
Factory Lane Productions Inc.	Girl Culture	20,250	-
Factory Lane Productions Inc.	Romancing the Labrador	-	7,814
Factory Lane Productions Inc.	The Kariuk	-	8,000
Fire Crown Productions Inc.	Laughtershock	-	7,200
Fire Crown Productions Inc.	The Elsie Holloway Story	-	4,500
Fire Crown Productions Inc.	Face of the Beethucks	-	11,880
Fire Crown Productions Inc.	Stealing Mary	89,000	-
George Street TV Productions	George Street TV	54,929	-
Girl Culture Inc.	Girl Culture	40,500	-
Going the Distance Inc.	Going the Distance	-	157,000
Jim Byrd Productions Inc.	Colony of Unrequited Dreams	-	18,000

Newfoundland and Labrador Film Development Corporation

Schedule of Receipts and Commitments - Equity Investment Program
For the Year Ended March 31, 2005

	Note	2005	2004
Current year commitments (cont'd)			
Kickham East Productions Inc.	Crackie	11,100	-
Kickham East Productions Inc.	Rabbittown	12,408	-
Kickham East Productions Inc.	The Boughwolfen	-	8,160
Kickham East Productions Inc.	The Bread Maker	-	15,000
Kickham East Productions Inc.	The Adventures of Cookie Clowe	-	4,127
Kickham East Productions Inc.	Come Hell or High Water	-	7,000
Lazybank Productions	Accordian Voices	7,040	-
Life with Derek Inc.	Life with Derek	750,000	-
Morag Productions Inc.	Dr. Olds of Twillingate	-	19,134
Morag Productions Inc.	Destinies Apart	14,679	69,300
Morag Productions Inc.	Disaster at Sea	15,000	-
Morag Productions Inc.	Love and Savagery	18,284	-
Morag Productions Inc.	Newfoundlanders: on the Edge	-	9,433
Morag Productions Inc.	Surfing in Newfoundland	13,500	-
Nanobody Productions Inc.	Nanobods	16,751	13,200
The NL Motion Picture Plant Ltd.	The Jack Tales	-	9,000
Newfound Films Inc.	Down to the Dirt	6,389	-
Newfound Films Inc.	St. John's, West	-	6,160
Pope Productions Inc.	Above and Beyond	171,457	-
Pope Productions Inc.	Legends and Lore	5,922	-
Pangur Ban Productions Inc.	Reaching Finisterre	-	12,000
Pope Productions Inc.	Media Jam	-	10,000
Pope Productions Inc.	Lots & Man Overboard	-	66,645
Pope Productions Inc.	Atlantic Sound	11,215	-
Pope Productions Inc.	Gander	-	25,671
Pope Productions Inc.	Hey Day	13,457	-
Pope Productions Inc.	Tempting Providence	7,519	-
Quest for the Sea NL Inc.	Quest for the Sea	-	10,000
Red Ochre Productions Inc.	Making Love in St. Pierre	6,825	500
Red Ochre Productions Inc.	Mr. Capone Est Arrive	-	7,000
Rink Rat Productions Inc.	A Woman Between Two Islands	-	6,880
Rink Rat Productions Inc.	The Breaks	-	8,000
Rink Rat Productions Inc.	Dark Tickle	-	9,315

Newfoundland and Labrador Film Development Corporation

Schedule of Receipts and Commitments - Equity Investment Program
For the Year Ended March 31, 2005

	Note	2005	2004
Current year commitments (cont'd)			
Rock Island Productions Inc.	Bloomsday Carbare	-	109,620
Ruby Line Productions Inc.	Raising Rover	-	68,986
Ruby Line Productions Inc.	Girl Culture	-	7,000
Sky Bridge Productions	Ferry Command	11,404	-
Springwater Productions Inc.	Homegown	25,272	-
Springwater Productions Inc.	Jean Claude Roy	4,049	-
Springwater Productions Inc.	Mina Hubbard's Way	-	23,000
Upskydown Films	Heber Peach	-	10,380
Upskydown Films	Secrets Whispered	-	17,600
Zing Studios Inc.	George Street TV	-	37,000
Ruby Line Productions Inc.	Girl Culture	350	-
		<u>1,702,969</u>	<u>1,004,236</u>
Excess of receipts over commitments			
(commitments over receipts)		<u>\$ (19,950)</u>	<u>\$ 10,788</u>
Closing Balance			
		<u>\$ (9,389)</u>	<u>\$ 10,561</u>

**NEWFOUNDLAND AND LABRADOR
HERITAGE CORPORATION**

FINANCIAL STATEMENT

22 APRIL 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

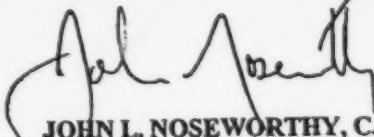
AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Heritage Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Heritage Corporation as at 22 April 2005. This financial statement is the responsibility of the Corporation's management. My responsibility is to express an opinion on this financial statement based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, this financial statement presents fairly, in all material respects, the financial position of the Corporation as at 22 April 2005 in accordance with Canadian generally accepted accounting principles.


JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
16 May 2005

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION

BALANCE SHEET

22 April 2005

22 April
2005

31 March
2004

(with comparative figures as at 31 March 2004)

ASSETS

Current

Harmonized sales tax receivable	\$	-	\$	789,259
Accrued receivables		-		139,078
		-		928,337
<u>Capitalized cost (see Schedule)</u>		-		45,470,986
	\$	-	\$	46,399,323

LIABILITIES AND EQUITY

Current

Accounts payable and accrued liabilities	\$	-	\$	593,800
Holdbacks payable		-		636,041
Deferred contribution - Province of Newfoundland and Labrador		-		1,222,855
		-		2,452,696
<u>Bank overdraft</u>		-		43,946,627
		-		46,399,323

Equity

<u>Share capital</u>		-		-
	\$	-	\$	46,399,323

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION
NOTES TO FINANCIAL STATEMENT
22 April 2005

Authority

The Newfoundland and Labrador Heritage Corporation (the Corporation) was incorporated on 23 December 1999 under the *Corporations Act* of the Province of Newfoundland and Labrador. The Province holds the single issued common share. The affairs of the Corporation are managed by a board of directors (the Board) appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board was to organize, promote and co-ordinate the design, construction and financing of a facility to accommodate an art gallery, museum and archives ("The Rooms") at St. John's. This objective has been completed and the Corporation was dissolved on 22 April 2005. In April 2005, the Board of Management approved the extension of the fiscal year end from 31 March 2005 to 22 April 2005. As a result, this financial statement represents the Corporation's final financial position. As well, the schedule to the statement reflects the capital cost of "The Rooms" up to cessation of business on 22 April 2005.

1. Significant accounting policies

This financial statement has been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed:

Capitalization of construction costs

Capital assets are recorded at cost. Direct construction costs, overhead costs directly attributable to construction and interest costs are capitalized. Amortization is not charged on capitalized work-in-progress.

Deferred contributions

The Corporation follows the deferral method with respect to externally restricted contributions.

2. Transfer to the Province/Cessation of Business

In March 2005, approval was given by Government to assign any and all outstanding assets and liabilities to the Province, with any residual cash to be paid to the Consolidated Revenue Fund. The Corporation's residual cash balance of \$671 was transferred to the Consolidated Revenue Fund on 12 April 2005. The Corporation ceased doing business on 22 April 2005 and filed for dissolution with the Registry of Companies on that date.

3. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

4. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

NEWFOUNDLAND AND LABRADOR HERITAGE CORPORATION
SCHEDULE OF CAPITAL COST UP TO CESSATION OF BUSINESS

22 April 2005	22 April	31 March
(with comparative figures as at 31 March 2004)	2005	2004

THE ROOMS

Construction, site preparation and excavation	\$ 38,572,879	\$ 36,705,489
Capitalized interest	3,381,292	2,138,583
Consultant's fees	2,779,236	2,778,716
Exhibitions	2,179,155	1,522,793
Archaeological investigation	1,186,823	1,166,112
Relocation - Seniors centre	626,167	633,875
Project Services - Department of Transportation and Works	569,650	517,381
Administration	8,492	8,037
Total Capitalized Costs	\$ 49,303,694	\$ 45,470,986

During the period 1 April 2004 to 22 April 2005, the Corporation expended \$3.8 million in capitalized costs, which brought the total capitalized cost of "The Rooms" to \$49.3 million (\$45.5 million to 31 March 2004).

**NEWFOUNDLAND AND LABRADOR
HOUSING CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

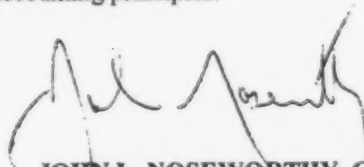
AUDITOR'S REPORT

To the Chairperson and Members
Newfoundland and Labrador Housing Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Housing Corporation as at 31 March 2005 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
24 June 2005, except as to Note 2 which is as of 4 August 2005

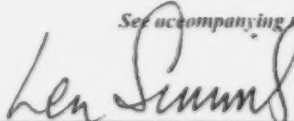
NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
BALANCE SHEET

31 March	2005	2004
	(000's)	(000's)
ASSETS		
Accounts receivable (Note 3)	\$ 1,337	\$ 1,603
Due from Canada Mortgage and Housing Corporation (CMHC)	53	959
Due from the Province of Newfoundland and Labrador		
- Labrador Housing Programs (Note 4)	6,569	7,266
Inventory and prepaid expenses (Note 5)	3,338	3,184
Mortgages and loans receivable (Note 6)	31,960	37,264
Receivable from municipalities re: land transfers (Note 7)	2,753	2,895
Reposessed units (Note 8)	7	45
Land assemblies (Note 9)	7,952	8,452
Rental properties (Note 10)	227,564	235,615
Capital assets (Note 11)	5,610	5,916
	\$ 287,143	\$ 303,199
LIABILITIES AND EQUITY		
Bank indebtedness	\$ 2,654	\$ 6,148
Accounts payable and accrued liabilities	7,780	7,274
Due to Canada Lands Corporation (CLC)	58	745
Deferred revenue (Note 12)	945	1,045
Group health and life insurance retirement benefits (Note 13)	9,432	9,179
Capital replacement fund (Note 14)	8,008	7,599
Mortgage insurance fund (Note 15)	3,393	3,407
Mortgages, debentures and similar indebtedness (Note 16)	44,524	51,000
CMHC investment in cost-shared programs (Note 17)	152,503	161,701
	229,297	248,098
Equity		
Contributed capital - Province of Newfoundland and Labrador (Note 18)	62,861	62,861
Deficit	(5,015)	(7,760)
	57,846	55,101
	\$ 287,143	\$ 303,199

Contingent liabilities (Note 19)

Commitments (Note 20)

Signed on behalf of the Board:

See accompanying notes

Chairperson


Member

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the Year Ended 31 March

	2005	2004
	(000's)	(000's)
REVENUES		
CMHC (Note 22)	\$ 60,730	\$ 57,827
Rent	19,573	19,473
Province of Newfoundland and Labrador operating grant	9,910	11,125
Interest	8,240	8,912
Land assemblies sales	597	1,632
Profit from land sales by municipalities	288	-
Other income	245	178
	<u>99,583</u>	<u>99,147</u>
EXPENSES		
CLC share of land assemblies profits	49	627
CMHC share of interest revenue	1,170	1,407
Grants to homeowners	7,728	6,500
Community based housing operating subsidies	10,250	10,737
Interest expense	4,089	3,564
Land assemblies costs (Note 9)	463	741
Losses on mortgages, loans and repossessions	261	169
Loss from land sales by municipalities	-	36
Loss on sale of rental properties	190	61
Mortgage subsidies	2,053	2,275
Net administration (Note 23)	14,068	16,136
Rent supplement subsidies	3,485	3,426
Rental unit expenses (Note 24)	52,144	52,150
Rental properties write-down	418	237
Rental properties write-off	470	-
	<u>96,838</u>	<u>98,066</u>
Excess of revenues over expenses	<u>2,745</u>	<u>1,081</u>
Surplus (deficit), beginning of year, as previously reported	(7,760)	338
Adjustment for group health and life insurance retirement benefits (Note 2)	-	(9,179)
Deficit, beginning of year, as restated	(7,760)	(8,841)
Deficit, end of year	<u>\$ (5,015)</u>	<u>\$ (7,760)</u>

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
STATEMENT OF CASH FLOWS

For the Year Ended 31 March

	2005	2004
	(000's)	(000's)
Cash flows from operating activities:		
Excess of revenues over expenses	\$ 2,745	\$ 1,081
Add (deduct) non-cash items:		
Mortgage subsidies	2,053	2,275
Losses on mortgages, loans and repossessions	261	169
Amortization of rental properties (Note 24)	6,144	5,625
Amortization of community based housing	567	515
Amortization of Labrador Housing Programs	837	697
Market value write-down of rental properties	418	237
Write-off of rental properties	470	-
Loss on sale of rental properties and capital assets	190	61
Amortization of capital assets	360	506
CLC portion of non-cash items	49	627
CMHC portion of non-cash items	1,029	660
Group health and life insurance retirement benefits (Note 13)	253	-
	15,376	12,453
Net change in other operating items	1,774	2,065
	17,150	14,518
Cash flows from investing activities:		
Advances of mortgages and loans	(2,364)	(2,595)
Principal recoveries of mortgages and loans	5,392	5,597
Investment in rental properties	(49)	(112)
Sale of rental properties	311	1,017
Investment in capital assets	(54)	(18)
Labrador Housing Programs	(140)	(1,339)
	3,096	2,550
Cash flows from financing activities:		
Repayments of mortgages, debentures, and similar indebtedness	(6,476)	(9,381)
Increase in CLC investment in land	1	60
Increase in CMHC investment in cost-shared programs	-	203
Repayments of CLC investment in land	(50)	(892)
Repayments of CMHC investment in cost-shared programs	(10,227)	(10,168)
	(16,752)	(20,178)
Decrease (increase) in bank indebtedness	3,494	(3,110)
Bank indebtedness, beginning of year	(6,148)	(3,038)
Bank indebtedness, end of year	\$ (2,654)	\$ (6,148)

See accompanying notes

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Newfoundland and Labrador Housing Corporation (the Corporation) operates under authority of the *Housing Corporation Act*. The purpose of the Corporation is to provide cost-effective housing and related programs for the benefit of the residents of the Province with priority given to those most in need. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Mortgages and loans receivable

An allowance for mortgages and loans impairment is estimated based on the value of accounts referred to a collection agency and the accounts with reported arrears balances. The security and source of funding for the accounts that are in arrears are considered in this estimation.

(b) Repossessed units

Reposessed units are valued at the lower of cost and net realizable value based on appraised values and the estimated recovery of cost through social housing rental programs.

(c) Land assemblies

Land assemblies are valued at the lower of cost and net realizable value. Items capitalized as the cost of land assemblies include land acquisition costs, development costs and interest.

Land assembly sales are recognized as earned. A portion of the sales revenue is deferred to cover future anticipated costs relative to the land sold. The percentage of revenue deferred is equal to the percentage of cost to complete on a project by project basis.

(d) Rental properties

Rental properties are valued at the lower of cost less accumulated amortization and net recoverable amount. Items capitalized as the cost of a project include land acquisition costs, development and construction costs, interest and other related carrying charges. In instances where properties have been transferred from Government departments, costs have been recorded at \$1. Amortization is calculated using the methods described below based on the expected future useful life of all assets as follows:

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

1. Significant accounting policies (cont.)

(d) Rental properties (cont.)

Non-profit housing	
- Capital cost	Sinking fund, 25-50 years
- Renovation costs	Sinking fund, 15 years
Market housing	
- Capital cost	2% declining balance
- Renovation costs	Straight line, 15 years

(e) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the methods described below based on the expected future useful life of all assets as follows:

Office buildings	2% declining balance
Furniture and office equipment	Straight line, 10 years
Computer hardware	Straight line, 3 years
Computer software	Straight line, 10 years
Vehicles	Straight line, 5 years

(f) Severance pay

Severance pay is calculated based on years of service and current salary levels. Entitlement to severance pay vests with employees after nine years of continuous service. The amount is payable when the employee ceases employment with the Corporation unless the employee transfers to another entity in the public service, in which case the liability is transferred with the employee to the other entity.

2. Accounting change

Group health and life insurance retirement benefits

Due to changes in accounting standards approved by the Canadian Institute of Chartered Accountants, an actuarial review was undertaken to determine the Corporation's liability related to group health and life insurance retirement benefits. This accounting change was applied retroactively without restatement of the prior year with respect to the statement of revenues, expenses and deficit. The balance sheet as at 31 March 2004 was restated with a resulting increase to the total liabilities and deficit of \$9,179,000.

The Corporation has established its liability related to group health and life insurance retirement benefits as at 31 March 2004. The increase in the liability for 2005 has been recognized as employee benefits expense by the Corporation.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

3. Accounts receivable

	2005 (000's)	2004 (000's)
Land sales, net of allowance for cancellations of \$1,375,864 (2004 - \$1,375,864)	\$ -	\$ 942
Rents	203	211
Miscellaneous	1,259	593
	1,462	1,746
Less: allowance for doubtful accounts	125	143
	\$ 1,337	\$ 1,603

4. Due from the Province of Newfoundland and Labrador - Labrador Housing Programs

In March 2000, the Province directed the Corporation to fund the renovation of existing dwellings and construction of new dwellings in Northern Coastal Labrador. In March 2002, the Province directed the Corporation to fund the construction of a personal care home in Battle Harbour.

Under these initiatives, title to these dwellings is held by the homeowners with the Province repaying the renovation and construction costs over a 15 year period. As at 31 March 2005 the amount due from the Province was \$6,569,000 (2004 - \$7,266,000).

5. Inventory and prepaid expenses

	2005 (000's)	2004 (000's)
Inventory	\$ 481	\$ 356
Prepaid expenses	2,857	2,828
	\$ 3,338	\$ 3,184

6. Mortgages and loans receivable

	2005 (000's)	2004 (000's)
Subsidized mortgages to homeowners	\$ 13,751	\$ 17,309
Residential Rehabilitation Assistance Program loans	11,883	13,952
Provincial Home Repair Program	8,056	7,889
Other mortgages and loans	2,619	2,703
	36,309	41,853
Less: allowance for impaired accounts	4,349	4,589
	\$ 31,960	\$ 37,264

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

6. Mortgages and loans receivable (cont.)

The allowance for impaired mortgages and loans relates primarily to the Residential Rehabilitation Assistance Program loans portfolio.

7. Receivable from municipalities re: land transfers

In September 1998, the Province directed the Corporation to enter into agreements with municipalities to transfer its banked and developed industrial and commercial land. The agreements will transfer these lands to the municipalities under a mortgage arrangement and provide for a share of future land sales revenue to the Corporation.

The receivable is valued at the lower of the carrying value of the land at the date of transfer and the Corporation's share of the net realizable value of the land as outlined in the agreement. The estimated net realizable value is determined using management's best estimates of future sales. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates are not predictable. Consequently, adjustments to the carrying value of the receivable from municipalities re: land transfers are possible depending on the impact of any changes and management's best estimate of them.

As of 31 March 2005, twenty agreements have been completed for the transfer of lands to municipalities at a carrying value of \$2,753,000 (2004 - \$2,895,000).

8. Repossessed units

	2005 (000's)	2004 (000's)
Reposessed units	\$ 24	\$ 147
Less: allowance for impairment	17	102
	<u>\$ 7</u>	<u>\$ 45</u>

9. Land assemblies

	2005 (000's)	2004 (000's)
Land assemblies, beginning of year	\$ 8,452	\$ 8,404
Cost incurred during the year:		
Land acquisition and development	(175)	230
Interest, capitalized	138	559
	8,415	9,193
Less: cost of earned sales recognized during year	463	741
Land assemblies, end of year	<u>\$ 7,952</u>	<u>\$ 8,452</u>

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

9. Land assemblies (cont.)

Land assemblies are valued at the lower of cost and net realizable value. The estimated net realizable value is determined using management's best estimates of future sales and costs. Management recognizes that changes in future conditions, such as market demand, assumed in making these estimates, are not predictable. Consequently, material adjustments to the carrying value of the asset are possible depending upon the impact of any changes and management's best estimate of them. In September 1998, the Province directed the Corporation to divest of the majority of its land holdings.

10. Rental properties

	2005			2004	
	Cost	Accumulated	Write down to Net Recoverable Amount	Net Book Value	Net Book Value
	(000's)	(000's)	(000's)	(000's)	(000's)
Non-profit housing					
- Capital cost	\$ 262,057	\$ 41,908	\$ 655	\$ 219,494	\$ 227,011
- Renovation costs	4,980	1,292	-	3,688	4,070
Market housing					
- Capital cost	6,711	2,490	-	4,221	4,373
Leased land	161	-	-	161	161
	\$ 273,909	\$ 45,690	\$ 655	\$ 227,564	\$ 235,615

11. Capital assets

	2005		2004	
	Cost	Accumulated	Net	Net
	(000's)	Amortization	Book Value	Book Value
	(000's)	(000's)	(000's)	(000's)
Office buildings	\$ 7,499	\$ 2,376	\$ 5,123	\$ 5,227
Furniture and office equipment	133	71	62	76
Computer hardware	82	32	50	14
Computer software	808	606	202	279
Vehicles	1,838	1,665	173	320
	\$ 10,360	\$ 4,750	\$ 5,610	\$ 5,916

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

12. Deferred revenue

	2005 (000's)	2004 (000's)
<u>Rentals</u>	<u>\$ 945</u>	<u>\$ 1,045</u>

Deferred revenue rentals consist of rental payments received by the Corporation in advance of the due dates.

13. Group health and life insurance retirement benefits

All retired employees of the Corporation are eligible to participate in the group insurance plans. Under the plans, the Corporation pays 50% of the total premium charged towards the benefits of both active employees and retirees for both the life insurance and health benefits under the plans. As at 31 March 2005, the plans provided benefits to 143 retirees.

Group health and life insurance retirement benefits liability

Details of the group health and life insurance retirement benefits liability are outlined in the table below:

	Estimated Accrued Benefit Obligation (000's)	Unamortized Experience Losses 2005 (000's)	Net Liability 2005 (000's)	Net Liability 2004 (000's)	Change (000's)
Group health retirement benefits	\$ 8,825	\$ (548)	\$ 8,277	\$ 8,030	\$ 247
Group life insurance retirement benefits	1,175	(20)	1,155	1,149	6
	<u>\$ 10,000</u>	<u>\$ (568)</u>	<u>\$ 9,432</u>	<u>\$ 9,179</u>	<u>\$ 253</u>

There are no fund assets associated with these plans.

Group health and life insurance retirement benefits expense

In these statements group health and life insurance retirement benefits costs have been determined as the cost of benefits accrued during the period. Interest on the liability has been accrued for the same period.

The change in the liability for the current period is comprised of the following amounts:

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

13. Group health and life insurance retirement benefits (cont.)

	Corporation's Share of Current Period Costs (000's)	Interest Expense on the Liability (000's)	Corporation's Current Period Contributions (000's)	Current Period Amortization of Experience Changes (000's)	Change (000's)
Group health retirement benefits	\$ 154	\$ 548	\$ (455)	\$ -	\$ 247
Group life insurance retirement benefits	47	76	(117)	-	6
	\$ 201	\$ 624	\$ (572)	\$ -	\$ 253

Experience gains or losses

Experience gains or losses are amortized over the estimated average remaining service life of active participants. The amortization amount will be included with retirement costs in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

The unamortized experience loss at 31 March 2005 resulted from a change in the discount rate used by the actuaries.

14. Capital replacement fund

In accordance with program guidelines for non-profit and urban native housing projects, sponsor groups are required to set aside funds for the replacement of major capital items. The funds are held on behalf of the project sponsors and are released as eligible capital replacement expenditures are incurred.

Transactions relating to the capital replacement fund during the year are as follows:

	2005 (000's)	2004 (000's)
Balance, beginning of year	\$ 7,599	\$ 7,362
Annual funding provisions	541	500
Capital replacement expenditures	(132)	(263)
Balance, end of year	\$ 8,008	\$ 7,599

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

15. Mortgage insurance fund

Upon signing the Canada - Newfoundland Social Housing Agreement (see Note 22), the Corporation assumed liability for all losses and costs that may be incurred in respect of a portfolio of loans that are owned and were previously insured by Canada Mortgage and Housing Corporation (CMHC). In return, CMHC provided the Corporation with a \$3,000,000 mortgage insurance fund as protection against future losses. Losses on loans are deducted from the fund, while interest earnings were added to the fund until 1 April 2003. The Corporation ceased accruing interest as of 1 April 2003.

	2005 (000's)	2004 (000's)
Balance, beginning of year	\$ 3,407	\$ 2,654
Losses for the year	(14)	(23)
Mortgages transferred to mortgages and loans receivable	-	776
Balance, end of year	\$ 3,393	\$ 3,407

The fund covers a portfolio of federal loans totaling \$172,716,166. The majority of these loans relate to either Social Housing projects that receive significant federal/provincial annual operating subsidies or nursing home accommodations with Provincial Government guarantees. While an independent actuarial valuation of the fund has not been carried out, the fund is considered adequate by the Corporation's management.

16. Mortgages, debentures and similar indebtedness

	2005 (000's)	2004 (000's)
With fixed terms of repayment		
(a) CMHC fixed rate term debentures, at an interest rate of 6.22% repayable in blended annual instalments of \$2,483,256, with final due dates ranging from December 2021 to January 2030.	\$ 28,557	\$ 29,275
(b) Canadian Imperial Bank of Commerce fixed rate bankers acceptances, at an interest rate of 3.16/3.45/3.18%, due on 25 April 2005.	15,967	21,725
	\$ 44,524	\$ 51,000

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

16. Mortgages, debentures and similar indebtedness (cont.)

Principal repayments for the next five years on the \$44,524,000 of debt with fixed terms of repayment are as follows:

	(000's)
2006	\$ 16,722
2007	\$ 804
2008	\$ 854
2009	\$ 908
2010	\$ 968

17. CMHC investment in cost-shared programs

	2005 (000's)	2004 (000's)
Non-profit rental housing	\$ 91,100	\$ 91,988
Rural and native housing	52,073	58,187
Home repair assistance	9,330	11,526
	\$ 152,503	\$ 161,701

The principal and interest payments required to amortize CMHC's investment in non-profit rental housing and rural and native housing is funded entirely through the annual federal grant paid by CMHC, pursuant to the Canada - Newfoundland Social Housing Agreement signed in April 1997 (see Note 22).

Repayment of CMHC's investment in the home repair assistance programs has no fixed term and is dependant upon future repayments of principal and interest on mortgages and loans.

18. Contributed capital - Province of Newfoundland and Labrador

Contributed capital represents accumulated capital advances made to the Corporation by the Province. These advances are utilized by the Corporation to develop housing projects, land assemblies and related programs for the benefit of the residents of the Province.

19. Contingent liabilities

(a) Claims have been filed against the Corporation for:

- (i) General damages related to the enforcement of a Sales and Development Agreement for a shopping mall complex.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

19. Contingent liabilities (cont.)

- (ii) \$100,000 relating to funds withheld from a contractor for deficiencies on houses constructed. This claim was filed by the contractor against both the Corporation (the mortgagee) and the homeowners of the houses.
- (iii) Special damages related to an alleged breach of contract and/or negligence relating to the sale of an apartment and commercial complex property.

The above claims have not progressed far enough to enable the formation of a definite opinion as to their outcome. Therefore, the likelihood and the amount of loss to the Corporation is not determinable at this time.

- (b) The Corporation has provided guarantees on outstanding mortgage balances totaling \$609,370 for qualifying homeowners. Presently the probability of loss resulting from these guarantees is unlikely.
- (c) In 1996, the Corporation learned that possible environmental liabilities exist with respect to potential large quantities of fuel left in abandoned fuel storage facilities in the Stephenville area. The Corporation has removed some of the underground tanks and fuel lines and has undertaken some further study. To date, expenditures related to this work have totalled \$2,600,000. As well, based on the studies completed to date, further remediation is estimated to cost \$10,000,000.
- (d) In 1998, the Corporation learned that possible environmental liabilities exist with respect to environmental contaminants including hydrocarbons and various heavy metals in the soil and groundwater on 20 hectares of the total 102 hectares in the Paradise area. Title to this site had been transferred to the Town of Paradise during 1998-99 as part of the Corporation's land divestiture program; however, the Corporation will be liable for any costs that must be incurred to clean up the site. Information received from a study completed in January 2000 indicates that the estimated costs of undertaking site remediation based on the information to date is in the order of \$6,000,000.
- (e) During 1999, the Corporation learned of possible environmental liabilities relating to 16 underground fuel tanks in its Buckmaster's Circle rental property. As a result of an environmental study conducted in 2000, the cost of environmental remediation related to this property is estimated at \$1,000,000. To date, expenditures related to this work have totalled \$309,000.
- (f) During 1999, the Corporation learned of possible environmental liabilities relating to 70 underground fuel tanks in some of its rental properties throughout the Province. The scope and extent of the environmental remediation required will be determined as the tanks are replaced. In accordance with environmental regulations, the tanks will be replaced by 2007.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

20. Commitments

The Corporation has commitments totaling \$1,317,562 comprised of uncompleted purchase and construction contracts at year end of \$408,000 and commitments under lending programs of \$909,562.

21. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of accounts receivable, due from CMHC, bank indebtedness, accounts payable and accrued liabilities, and due to CLC. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the short-term financial instruments.

The Corporation's long-term financial instruments recognized on the balance sheet consist of due from the Province of Newfoundland and Labrador - Labrador Housing Programs, mortgages and loans receivable, receivable from municipalities re: land transfers, group health and life insurance retirement benefits, and mortgages, debentures and similar indebtedness. Any estimated impairment of mortgages and loans receivable and receivable from municipalities re: land transfers is provided for through an allowance for impaired accounts and no further credit risk exists for these long-term receivables. Interest rates on the majority of mortgages and loans receivable and on mortgages, debentures and similar indebtedness are fixed to maturity. Therefore, the carrying values of these long-term financial instruments approximate their fair value and these instruments are not subject to any material interest rate risk.

22. Revenue from CMHC

CMHC's share of program subsidies and administration costs are as follows:

	2005 (000's)	2004 (000's)
1997 Canada-Newfoundland Social Housing Agreement	\$ 54,729	\$ 54,780
Provincial Home Repair Program	5,712	2,584
Residential Rehabilitation Assistance Program	276	448
Mortgages	13	15
	<u>\$ 60,730</u>	<u>\$ 57,827</u>

On 22 April 1997, the Corporation signed the Canada - Newfoundland Social Housing Agreement with CMHC replacing all existing social housing program agreements between the two parties relating to social housing programs, with the exception of certain loan and mortgage programs.

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

23. Net administration

	2005 (000's)	2004 (000's)
Advertising and promotion	\$ 55	\$ 77
Computer system costs	960	1,140
General	402	421
Office equipment leases	46	56
Office equipment purchases	34	28
Office supplies	145	143
Rent, heat, light, cleaning and maintenance	984	1,264
Salaries and employee benefits	10,821	12,545
Telephone and postage	314	339
Travel and vehicle costs	320	360
Total administration	14,081	16,173
Less: recharged to capital projects	13	37
Net administration	\$ 14,068	\$ 16,136

24. Rental unit expenses

	2005 (000's)	2004 (000's)
Amortization	\$ 6,144	\$ 5,625
Bad debts	177	161
Heat, light and operating	8,713	7,802
Interest on long-term debt	20,258	21,019
Municipal taxes	4,474	4,366
Repairs and maintenance	12,378	13,177
	\$ 52,144	\$ 52,150

25. Pensions

Under the *Housing Corporation Act*, Corporation staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Corporation and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension contributions for 2005 was \$910,000 (2004 - \$986,000).

NEWFOUNDLAND AND LABRADOR HOUSING CORPORATION
NOTES TO FINANCIAL STATEMENTS

31 March 2005

26. Self-insurance

With the exception of certain high-risk projects, the Corporation follows the policy of self-insuring its rental properties for property damage such as fire, water and vandalism. The costs of these repairs are charged to rental unit expenses.

27. Province of Newfoundland and Labrador contribution

The Province of Newfoundland and Labrador contributes approximately 10% of the Corporation's total revenues. The contribution enables the Corporation to carry out its overall mandate and to meet its fiscal challenges.

The Corporation's ability to continue to fulfill its mandate is dependent upon the decisions of the Province of Newfoundland and Labrador.

28. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

**NEWFOUNDLAND AND LABRADOR HYDRO
FINANCIAL STATEMENTS**

December 31, 2004

Auditors' Report

To the Lieutenant Governor in Council
Province of Newfoundland and Labrador

We have audited the consolidated balance sheet of **Newfoundland and Labrador Hydro** as at December 31, 2004, and the consolidated statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence

supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by The Hydro Corporation Act, we report that in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Deloitte Touche LLP

Chartered Accountants
St. John's, Newfoundland and Labrador
Canada
February 15, 2005

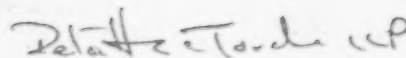
To the Lieutenant-Governor in Council
Province of Newfoundland and Labrador

We have audited the consolidated balance sheet of **Newfoundland and Labrador Hydro** as at December 31, 2004, and the consolidated statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence

supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by The Hydro Corporation Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



Chartered Accountant
St. John's, Newfoundland and Labrador
Canada
February 15, 2005

Consolidated Balance Sheet

As at December 31 (millions of dollars)

	2004	2003
ASSETS		
Capital assets (Note 2)		
Capital assets in service	2,653.5	2,632.5
Less contributions in aid of construction	106.9	106.5
	2,546.6	2,526.0
Less accumulated depreciation	816.3	780.5
	1,730.3	1,745.5
Construction in progress	54.2	47.5
	1,784.5	1,793.0
Current assets		
Cash and cash equivalents	4.0	0.1
Accounts receivable	67.2	56.5
Current portion of long-term receivables (Note 3)	41.5	35.5
Current portion of rate stabilization plan	8.6	-
Fuel and supplies at average cost	48.3	48.5
Prepaid expenses	2.0	2.5
	171.6	143.1
Long-term receivables (Note 3)	97.7	130.7
Sinking funds (Note 10)	87.1	70.1
Investments (Note 4)	5.2	5.2
Deferred charges (Note 6)	85.0	89.2
	2,231.1	2,231.3

See accompanying notes

Consolidated Balance Sheet

As at December 31 (millions of dollars)

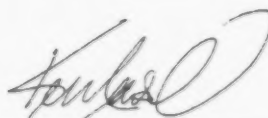
	2004	2003
LIABILITIES AND SHAREHOLDER'S EQUITY		
Long-term debt (Note 7)	1,422.1	1,447.8
Current liabilities		
Bank indebtedness	8.0	6.7
Short-term borrowing	-	1.8
Accounts payable and accrued liabilities	49.1	51.6
Accrued interest	30.3	30.5
Long-term debt due within one year (Note 7)	28.4	30.7
Promissory notes (Note 7)	157.8	149.8
	273.6	271.1
Rate stabilization plan	5.5	-
Long-term payable (Note 8)	1.1	-
Employee future benefits (Note 9)	35.4	32.0
Non-controlling interest in LCDC (Note 2)	2.5	2.5
Shareholder's equity		
Share capital		
Common shares of par value of \$1 each		
Authorized 25,000,000 shares; issued 22,503,942 shares	22.5	22.5
Contributed capital (Notes 2 and 4)		
Lower Churchill Development	15.4	15.4
Muskrat Falls Project	2.2	2.2
Gull Island Project	96.4	100.0
Retained earnings	354.4	337.8
	490.9	477.9
Commitments and contingencies (Note 12)	-	-
	2,231.1	2,231.3

See accompanying notes

On behalf of the Board:



Dean MacDonald
Director



Ken Marshall
Director

Consolidated Statement of Income and Retained Earnings

<i>Year ended December 31 (millions of dollars)</i>	2004	2003
Revenue		
Energy sales	439.8	407.8
Recovery of costs in rate stabilization plan	34.2	16.7
Guaranteed winter availability	14.6	11.9
Rentals and royalties	0.3	0.3
Other	4.6	4.8
	493.5	441.5
Expenses		
Operations and administration	123.4	125.8
Fuels	83.1	84.6
Amortization of costs in rate stabilization plan	34.2	16.7
Power purchased	36.1	26.1
Depreciation	45.8	45.0
Interest (Note 11)	103.7	99.3
	426.3	397.5
Net income before unusual items	67.2	44.0
Unusual items (Note 2)		
Write-down of capital assets	-	(130.9)
Less non-controlling interest	-	12.3
	-	(118.6)
Net income (loss)	67.2	(74.6)
Retained earnings, beginning of year	337.8	453.5
	405.0	378.9
Dividends	50.6	41.1
Retained earnings, end of year	354.4	337.8

See accompanying notes

Consolidated Statement of Cash Flows

<i>Year ended December 31 (millions of dollars)</i>	2004	2003
Cash provided by (used in)		
Operating activities		
Net income (loss)	67.2	(74.6)
Adjusted for items not involving a cash flow		
Depreciation	45.8	45.0
Amortization of deferred charges	3.7	4.1
Rate stabilization plan	(3.1)	20.5
Loss on disposal of capital assets	1.7	3.2
Other	-	(0.6)
Foreign exchange gain	(0.1)	(1.0)
Write-down of capital assets (net of non-controlling interest)	-	118.6
	115.2	115.2
Change in non-cash balances related to operations		
Accounts receivable	(10.7)	5.5
Fuel and supplies	0.2	(0.5)
Prepaid expenses	0.5	-
Accounts payable and accrued liabilities	(0.2)	(8.2)
Accrued interest	(0.2)	2.8
Employee future benefits	3.4	2.4
Long-term receivable	21.8	(49.6)
Long-term payable	1.1	-
	131.1	67.6
Financing activities		
Long-term debt issued	-	125.0
Long-term debt retired	(20.8)	(36.8)
Foreign exchange loss recovered	2.7	5.2
Decrease in short-term borrowing	(1.8)	(1.5)
Increase (decrease) in promissory notes	8.0	(31.7)
Decrease in contributed capital	(3.6)	-
Dividends	(50.6)	(41.1)
	(66.1)	19.1
Investing activities		
Net additions to capital assets	(40.1)	(67.3)
Proceeds from the disposal of capital assets	1.1	0.8
Increase in sinking funds	(21.6)	(19.2)
Reductions (additions) to deferred charges	0.5	(3.9)
Change in accounts payable related to investing activities	(2.3)	0.5
	(62.4)	(89.1)
Net increase (decrease) in cash	2.6	(2.4)
Cash position, beginning of year	(6.6)	(4.2)
Cash position, end of year	(4.0)	(6.6)
Cash position is represented by		
Cash and cash equivalents	4.0	0.1
Bank indebtedness	(8.0)	(6.7)
	(4.0)	(6.6)
Supplementary disclosure of cash flow information		
Income taxes paid	0.2	0.2
Interest income received	0.2	0.6
Interest paid	112.0	109.6

See accompanying notes

Notes to Consolidated Financial Statements

Newfoundland and Labrador Hydro (Hydro) is incorporated under a special act of the Legislature of the Province of Newfoundland and Labrador (Province) as a Crown Corporation and its principal activity is the development, generation and sale of electric power. Hydro and its subsidiary and jointly controlled companies, other than Twin Falls Power Corporation Limited (Twin Falls), are exempt from paying income taxes under Section 149 (1) (d) of the Income Tax Act.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

Preparation of these consolidated financial statements requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Actual results may differ from these estimates.

Rates and Regulations

(Excluding Sales by Subsidiaries)

Hydro's earnings from its electrical sales to most customers within the Province are regulated on the basis of return on rate base. As well, Hydro's borrowing and capital expenditure programs are subject to review and approval by the Public Utilities Board of Commissioners (PUB).

Rates charged rural customers do not recover the full costs of providing the service but Hydro recovers the resulting deficit from other customers.

Hydro has adopted selected accounting treatments that differ from that for enterprises not subject to rate regulation. The more significant of these include the following:

Rate Stabilization Plan

On January 1, 1986, Hydro, having received the concurrence of the PUB, implemented a Rate Stabilization Plan (RSP) which primarily provides for the deferral of cost variances resulting from changes in fuel prices, levels of precipitation and load. Adjustments are required in retail rates to cover the amortization of the balance in the plan and are implemented on July 1 of each year. Similar adjustments required in industrial rates are implemented on January 1 of each year. RSP balances which accumulated prior to December 31, 2003 (Note 3), have been converted to a long-term receivable. Any subsequent balances accumulating in the RSP including financing charges, are to be recovered in the following year, with the exception of hydraulic variation, which will be recovered or refunded at a rate of 25 per cent of the outstanding balance at year-end. Additionally, a fuel rider is calculated annually based on the forecast fuel price and is added or subtracted from the rates that would otherwise be in effect.

Foreign Exchange Losses

Foreign exchange losses related to long-term debt, including current portion, are subject to the rate setting process. The PUB has accepted the inclusion by Hydro of realized foreign exchange losses in rates charged to customers. Any such loss, net of any gain, not recovered due to the operation of the rate setting process is deferred

to the time of the next rate hearing for inclusion in the new rates to be set at that time. This amortization is included in interest expense. Commencing in 2002, the PUB ordered Hydro's deferred foreign exchange losses, net of the \$10.0 million provision previously accumulated, be amortized over a forty-year period (Note 6).

Capital Assets and Depreciation

Hydro follows the capitalization and depreciation policies as described in Note 1, which have been approved by the PUB.

Deferred Regulatory Costs

In 2004, the PUB approved the deferral of external costs associated with the general rate application and hearing, in the amount of \$1,800,000, which is to be amortized over a 3-year period.

Principles of Consolidation

The consolidated financial statements include the financial statements of Hydro and its subsidiary companies, Gull Island Power Company Limited (GIPCo), (100% owned) and Lower Churchill Development Corporation Limited (LCDC), (51% owned).

Effective June 18, 1999, Hydro, Churchill Falls (Labrador) Corporation Limited (CF(L)Co) and Hydro-Québec entered into a shareholders' agreement which provided, among other matters, that certain of the strategic operating, financing and investing policies of CF(L)Co be subject to approval jointly by representatives of Hydro and Hydro-Québec. Although Hydro retains its 65.8% ownership interest, the agreement changed the nature of the relationship between Hydro and Hydro-Québec, with respect to CF(L)Co, from that of majority and minority shareholders, respectively, to that of joint venturers. Accordingly, Hydro has adopted the proportionate consolidation method of accounting for its interest in CF(L)Co subsequent to the effective date of the shareholders' agreement.

CF(L)Co is incorporated under the laws of Canada and has completed and commissioned a hydroelectric generating plant and related transmission facilities situated in Labrador which has a rated capacity of 5,428,000 kilowatts (CF(L)Co Project). A power contract with Hydro-Québec, dated May 12, 1969 (Power Contract) provides for the sale of substantially all the energy from the CF(L)Co Project until 2041. CF(L)Co receives certain benefits from Hydro-Québec, including significant revenues, under a guaranteed winter availability contract through 2041.

CF(L)Co holds 33.33% of the equity share capital of Twin Falls and is a party with other shareholders in a participation agreement which gives CF(L)Co joint control of Twin Falls. This investment is accounted for by the proportionate consolidation method.

The cost of Hydro's investment in CF(L)Co exceeded the equity in the book value of the net assets acquired by \$77.1 million. This amount is assigned to capital assets and is being amortized on a straight-line basis at the rate of 1.5% per annum. As at December 31, 2004, \$34.7 million (2003 - \$33.6 million) had been amortized.

Under the terms and conditions of the Churchill Falls (Labrador) Corporation (Lease) Act, 1961, CF(L)Co must pay rentals and royalties to the Province annually.

Notes to Consolidated Financial Statements

A portion of Hydro's shareholding in CF(L)Co is deposited in a voting trust pursuant to an agreement with Hydro-Québec.

GIPCo is incorporated under the laws of Canada. Its objective was to develop the hydroelectric potential at Gull Island on the Lower Churchill River in Labrador, and construct a direct current transmission system from Labrador to the island of Newfoundland (Gull Island Project), (Note 4).

LCDC is incorporated under the laws of Newfoundland and Labrador and was established with the objective of developing all or part of the hydroelectric potential of the Lower Churchill River (Lower Churchill Development), (Note 4).

Twin Falls is incorporated under the laws of Canada and has developed a 225 megawatt hydroelectric generating plant on the Unknown River in Labrador. The plant has been inoperative since 1974.

Cash Equivalents and Short-Term Investments

Cash equivalents and short-term investments consist primarily of Canadian treasury bills and banker's acceptances. Those with original maturities at date of purchase of three months or less are classified as cash equivalents whereas those with original maturities beyond three months and less than 12 months are classified as short-term investments. Both are stated at cost, which approximates market value. As at December 31, 2004, and 2003, there were no cash equivalents or short-term investments outstanding.

Capital Assets and Depreciation

Expenditures for additions, improvements and renewals are capitalized and normal expenditures for maintenance and repairs are charged to operations.

During 2004, Hydro adopted the recommendations of the Canadian Institute of Chartered Accountants' (CICA) Handbook Section 3110, *Asset Retirement Obligations*. This new accounting standard requires that the company recognize the fair value of the future expenditures required to settle legal obligations associated with the retirement of capital assets, to the extent that it is reasonably estimable. As it is expected that Hydro's assets will be used for an indefinite period, no removal date can be determined and consequently, a reasonable estimate of the fair value of any related asset retirement obligation cannot be determined at this time. If it becomes possible to estimate the fair value of the cost of removing assets that Hydro is legally required to remove, an asset retirement obligation will be recognized at that time.

Hydro, GIPCo and LCDC

Construction in progress includes the costs incurred in preliminary feasibility studies, engineering and construction of new generation, transmission and distribution facilities. Interest is charged to construction in progress at rates equivalent to the weighted average cost of capital.

Contributions in aid of construction are funds received from customers and governments toward the incurred cost of capital assets, or the fair value of assets contributed. Contributions are treated as a reduction to capital assets and the net capital assets are depreciated.

Depreciation is calculated on hydroelectric generating plant and on transmission plant in service on the sinking fund method using interest factors ranging from 5.25% to 15.79%. Depreciation on other plant in service is calculated on the straight-line method. These methods are designed to fully amortize the cost of the facilities, after deducting contributions in aid of construction, over their estimated service lives.

Estimated service lives of the major assets are as follows:

Generation Plant

Hydroelectric	50, 75 and 100 years
Thermal	25 and 30 years
Diesel	20 years

Transmission

Lines	40 and 50 years
Switching stations	40 years

Distribution System

Other	3 to 50 years
-------	---------------

CF(L)Co

CF(L)Co uses the group depreciation method for certain capital assets other than the generation plant, transmission and terminals and service facilities.

Depreciation is provided on a straight-line basis over the following estimated useful lives:

Generation Plant

Hydroelectric	67 years
---------------	----------

Transmission and Terminals

Service facilities	67 years
--------------------	----------

Other

Other	5 to 100 years
-------	----------------

Losses on other than normal retirements are charged to operations in the year incurred as adjustments to depreciation expense.

Debt Discount and Financing Expenses

These costs are amortized on a straight-line basis over the lives of the respective debt issues.

Promissory Notes

Promissory Notes bear interest from 2.10% to 2.86% per annum (2003 - 2.66% to 2.93%) with carrying value approximating fair value due to their short-term nature.

Revenue Recognition

Revenue is recorded on the basis of power deliveries made.

Deferred revenue represents amounts billed under the Power Contract in excess of energy delivered. Amounts related to energy delivered in excess of the base amount, as defined by the Power Contract, are recorded as receivables. Differences between amounts related to energy delivered and the base amounts are determined annually and are subject to interest at 7% per annum (2003 - 7%).

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Translation

Foreign currency transactions are translated into their Canadian dollar equivalent as follows:

- (a) At the transaction date, each asset, liability, revenue or expense is translated using exchange rates in effect at that date.
- (b) At each balance sheet date monetary assets and liabilities are adjusted to reflect exchange rates in effect at that date.
 - (i) Under the provisions of the Power Contract CF(L)Co's exposure for a foreign exchange loss is limited. CF(L)Co recovers a portion of the difference between actual foreign exchange rates prevailing at the settlement dates of its First Mortgage Bonds and a Weighted Average Exchange Rate as defined in the Power Contract. The portion of the unrealized foreign exchange loss which is recoverable on the settlement dates, is included in long-term receivables (Note 3).

Financial Instruments

From time to time, Hydro enters into interest rate swap agreements to manage interest rate risk. Net receipts or payments under the swap agreements are recorded as adjustments to interest expense.

Employee Future Benefits

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employer's contributions are expensed as incurred.

Hydro provides group life insurance and health care benefits on a cost-shared basis to retired employees, in addition to a severance payment upon retirement. The expected cost of providing these other employee future benefits is accounted for on an accrual basis, and has been actuarially determined using the projected benefit method prorated on service and management's best estimate of salary escalation, retirement ages of employees, and expected health care costs. The excess of net cumulative actuarial gains and losses over 10% of the accrued benefit obligation are amortized over the expected average remaining service life of the employee group, which is approximately 12 years.

2. CAPITAL ASSETS

	Capital Assets in Service	Contributions in Aid of Construction	Accumulated Depreciation	Construction in Progress
<i>millions of dollars</i>	2004			
Generation Plant				
Hydroelectric	1,350.4	20.5	278.2	0.2
Thermal	228.1	-	177.4	-
Diesel	56.8	6.5	24.1	0.4
Transmission and Distribution	730.9	55.1	183.2	0.2
Service facilities	22.0	-	10.1	-
Project costs (Note 4)	-	-	-	-
Capital studies (Note 4)	-	-	-	-
Other	265.3	24.8	143.3	53.4
	2,653.5	106.9	816.3	54.2
<i>millions of dollars</i>	2003			
Generation Plant				
Hydroelectric	1,347.3	20.5	267.0	0.2
Thermal	227.0	-	175.7	-
Diesel	59.5	6.7	23.4	-
Transmission and Distribution	718.2	54.9	168.5	0.6
Service facilities	22.0	-	9.8	-
Project costs (Note 4)	-	-	-	-
Capital studies (Note 4)	-	-	-	-
Other	258.5	24.4	136.1	46.7
	2,632.5	106.5	780.5	47.5

Notes to Consolidated Financial Statements

Included in the above amounts are CF(LICo) assets in service amounting to \$639.3 million (2003 - \$636.1 million) which are pledged as collateral for long-term debt.

As at December 31, 2003, Management reviewed the carrying balance of its Capital Assets in Service and Construction in Progress for hydro-electric developments in Labrador. As Hydro had been unable to successfully conclude development plans at that time, it decided to write-down project costs related to GIPCo by

\$96.3 million, capital studies related to LCDC by \$25.0 million, and construction in progress by \$9.6 million, to its best estimate of the net recoverable amount. The write-down of capital studies also resulted in a reduction of \$12.3 million in the non-controlling interest in LCDC. The project costs in GIPCo and capital studies in LCDC were funded by the shareholder in prior years through the provision of contributed capital.

3. LONG-TERM RECEIVABLES

<i>millions of dollars</i>	2004	2003
Rate Stabilization Plan		
Retail	101.7	114.8
Industrial	32.3	40.9
	134.0	155.7
Hydro-Québec		
Unrealized foreign exchange	4.3	9.5
Other	0.9	1.0
	5.2	10.5
Less current portion of long-term receivables	41.5	35.5
	97.7	130.7

The receivable arising from the RSP bears interest at the weighted average cost of capital which is approximately 7.2% and

is to be recovered over a five-year period, which commenced in 2003

4. INVESTMENTS

<i>millions of dollars</i>	2004	2003
Lower Churchill Option	5.2	5.2

LCDC was incorporated in 1978 pursuant to the provisions of an agreement (Principal Agreement), between the Province and the Government of Canada. The Province and the Government of Canada own equity interests of 51% and 49% of LCDC, respectively. The Principal Agreement provides that future issues of Class A common shares shall preserve, as nearly as possible, this ratio of beneficial ownership. Hydro is the designate for the Province's shareholding in LCDC.

Upon agreement to continue with the Lower Churchill Development, GIPCo's assets and the hydroelectric development rights to the Lower Churchill River, (Water Rights), will be acquired by LCDC pursuant to the provisions of an agreement between LCDC and the Province, (Option Agreement). The purchase price in respect of GIPCo's assets will be a maximum of \$100.0 million less \$5.2 million representing the value assigned to 520 Class A

common shares of LCDC issued pursuant to the signing of the Option Agreement. As consideration for GIPCo's assets, LCDC will issue a 10% Convertible Demand Debenture in the amount of \$94.8 million. LCDC will issue 3,000 Class B common shares, without nominal or par value, to the Province in consideration of the Water Rights and the Province will transfer such shares to Hydro. The parties have agreed that the value of each Class B common share is \$10,000. The Option Agreement expires November 24, 2005.

Hydro holds 1,540 Class A common shares of LCDC which have a stated value of \$10,000 each. 520 shares were acquired in 1979 pursuant to signing of the Option Agreement and 510 shares were acquired in each of the years 1980 and 1981, by way of capital contributions from the Province.

Notes to Consolidated Financial Statements

5. JOINT VENTURE

The following amounts included in the consolidated financial statements represent Hydro's proportionate share of CFILCo's assets and liabilities at December 31, 2004, and its proportionate interest in CFILCo's operations for the year ended December 31, 2004.

<i>millions of dollars</i>	2004	2003
Current assets	25.1	24.0
Long-term assets	338.6	347.9
Current liabilities	23.8	29.4
Long-term liabilities	66.6	84.0
Revenues	63.9	61.7
Expenses	47.3	48.5
Net income	16.6	13.2
Cash provided by (used in)		
Operating activities	33.2	34.1
Financing activities	(21.0)	(30.4)
Investing activities	(5.3)	(2.6)

6. DEFERRED CHARGES

<i>millions of dollars</i>	2004	2003
Debt discount, financing expenses and other	16.9	20.1
Accumulated amortization	11.7	12.9
	5.2	7.2
Foreign exchange losses realized	96.3	96.3
Accumulated provision	10.0	10.0
	86.3	86.3
Accumulated amortization	6.5	4.3
	79.8	82.0
Net deferred charges	85.0	89.2

Notes to Consolidated Financial Statements

7. LONG-TERM DEBT

	Hydro	CFILCo	Total	Hydro	CFILCo	Total
<i>millions of dollars</i>						
		2004			2003	
Summary of long-term debt						
Long-term debt	1,369.3	81.2	1,450.5	1,377.2	101.3	1,478.5
Less payments due within one year	13.8	14.6	28.4	13.4	17.3	30.7
	1,355.5	66.6	1,422.1	1,363.8	84.0	1,447.8

Required repayments of long-term debt and sinking fund requirements over the next five years will be as follows:

<i>millions of dollars</i>	2005	2006	2007	2008	2009
	28.4	227.3	27.4	213.7	13.8

The payments due within one year include sinking fund requirements of \$10.0 million (2003 - \$10.0 million).

Details of long-term debt are as follows:

Hydro

Series	Interest Rate %	Year of Issue	Year of Maturity		
<i>millions of dollars</i>				2004	2003
AC	5.05	2001	2006	200.0	200.0
AA	5.50	1998	2008	200.0	200.0
V	10.50	1989	2014	125.0	125.0
X	10.25	1992	2017	150.0	150.0
Y	8.40	1996	2026	300.0	300.0
AB	6.65	2001	2031	300.0	300.0
AD	5.70	2003	2033	125.0	125.0
Total debentures				1,400.0	1,400.0
Less sinking fund investments in own debentures				48.3	43.8
				1,351.7	1,356.2
Government of Canada loans at 5.25% to 7.91% maturing in 2006 to 2014				16.4	18.8
Other				1.2	2.2
				1,369.3	1,377.2
Less payments due within one year				13.8	13.4
				1,355.5	1,363.8

(a) Sinking funds have been established for these issues.

Promissory notes, debentures and long-term loans are unsecured and unconditionally guaranteed as to principal and interest and where applicable, sinking fund payments, by the Province. The

Province charges Hydro a guarantee fee of 1% annually on the total debt (net of sinking funds) guaranteed by the Province, outstanding as of the preceding December 31.

CFILCo

<i>millions of dollars</i>	2004	2003
First Mortgage Bonds		
7.750% Series A due December 15, 2007 (U.S. \$32.0; 2003 - U.S. \$43.6)	38.3	56.4
7.875% Series B due December 15, 2007	3.2	4.4
General Mortgage Bonds		
7.500% due December 15, 2010	39.7	40.5
	81.2	101.3
Less payments due within one year	14.6	17.3
	66.6	84.0

Notes to Consolidated Financial Statements

7. LONG-TERM DEBT (Cont'd.)

CFILCo (Cont'd.)

The First Mortgage Bonds, Series A and B, are repayable in fixed semi-annual and in contingent annual sinking fund instalments. There have been no contingent repayments required in the last five years.

The Deed of Trust and Mortgage securing the General Mortgage Bonds provides for semi-annual sinking fund payments and a balloon payment at maturity. Each semi-annual payment is equal to 1% of the aggregate principal amount outstanding on January 1, preceding each payment date. The General Mortgage Bonds are subordinate to the First Mortgage Bonds.

Due to the contingent nature of the amounts of certain of the sinking fund instalments, it is not possible to be precise concerning long-term debt repayments over the next five years; however fixed sinking fund payments are estimated to average \$9.2 million in each of the years 2005 to 2009 inclusive.

Under the terms of long-term debt instruments, CFILCo may pay cash dividends only out of earnings, as defined, accumulated from September 1, 1976. A shareholders' agreement signed in June, 1999 places additional restrictions on dividends, based on cash flow.

8. LONG-TERM PAYABLE

The long-term payable to Hydro-Québec, bears interest at 7.0% per annum and is repayable over a four-year period which commenced in

September 2004. The current portion of \$0.4 million (2003 - nil) is included in accounts payable and accrued liabilities.

9. EMPLOYEE FUTURE BENEFITS

Pension Plan

Employees participate in the Province's Public Service Pension Plan, a multi-employer defined benefit plan. The employers' contributions of \$4.1 million (2003 - \$4.1 million) are expensed as incurred.

Other Benefits

Additionally, Hydro provides group life insurance and healthcare benefits on a cost-shared basis to retired employees, and in certain cases, their surviving spouses, in addition to a severance payment upon retirement. The most recent actuarial valuation was performed as at December 31, 2004.

millions of dollars	2004	2003
Accrued benefit obligation		
Balance at beginning of year	39.5	37.5
Current service cost	1.6	1.3
Interest cost	2.8	2.6
Actuarial loss	4.2	-
Benefits paid	(1.7)	(1.9)
Balance at end of year	46.4	39.5
Plan deficit	46.4	39.5
Unamortized actuarial loss	(10.7)	(7.1)
Unamortized past service cost	(0.3)	(0.4)
Accrued benefit liability at end of year	35.4	32.0

millions of dollars	2004	2003
Current service cost	1.6	1.3
Interest cost	2.8	2.6
Actuarial losses	4.2	-
	8.6	3.9
Adjustments		
Difference between actual actuarial loss and amount recognized	(3.4)	0.4
Benefit expense	5.2	4.3

Notes to Consolidated Financial Statements

9. EMPLOYEE FUTURE BENEFITS (Continued)

The significant actuarial assumptions used in measuring the company's accrued benefit obligations and benefit expense are as follows:

	2004	2003
Discount rate	6.3%	7.0%
Rate of compensation increase	3.5%	3.5%
Assumed healthcare trend rates:		
	2004	2003
Initial healthcare expense trend rate	12.0%	12.0%
Cost trend decline to	5.0%	5.0%
Year that rate reaches the rate it is assumed to remain at	2010	2010

A 1% change in assumed healthcare trend rates would have had the following effects for 2004:

	Increase	Decrease
Current service cost	0.2	(0.2)
Interest cost	0.5	(0.3)
Accrued benefits obligation	6.7	(2.1)

10. FINANCIAL INSTRUMENTS

Fair Value

The estimated fair values of financial instruments as at December 31, 2004 and 2003 are based on relevant market prices and information available at the time. The fair value of long-term receivable, long-term debt and the long-term payable is estimated based on the quoted market price for the same or similar debt instruments. The fair value estimates below are not necessarily indicative of the amounts that Hydro might receive or incur in actual market transactions. As a significant number of Hydro's assets and liabilities, including fuels and supplies and capital assets, do not meet the definition of financial instruments, the fair value estimates below do not reflect the fair value of Hydro as a whole.

Cash and cash equivalents, short-term investments, accounts receivable, bank indebtedness, accounts payable, accrued interest and promissory notes are all short-term in nature and as such, their carrying value approximates fair value. At December 31, 2004

of the total accounts receivable balance outstanding approximately 51.8% (2003 - 50.0%) is due from a regulated utility, and 19.8% (2003 - 24.0%) from Hydro-Québec.

Sinking Funds

Sinking fund investments consist of bonds, debentures, promissory notes and coupons issued by, or guaranteed by, the Government of Canada or any province of Canada, and have maturity dates ranging from 2009 to 2033. Hydro debentures which Management intends to hold to maturity are deducted from long-term debt while all other sinking fund investments are shown separately on the balance sheet as assets. Annual contributions to the various sinking funds are as per bond indenture terms, and are structured to ensure the availability of adequate funds at the time of expected bond redemption. Effective yields range from 4.77% to 9.86% (2003 - 5.33% to 9.86%).

	Carrying Value	Fair Value	Carrying Value	Fair Value
millions of dollars	2004		2003	
Financial Assets				
Sinking funds	87.1	96.9	70.1	76.3
Long-term receivable including amount due in one year	139.1	139.0	166.2	166.2
Financial Liabilities				
Long-term debt including amount due in one year	1,450.5	1,766.9	1,478.5	1,769.6
Long-term payable including amount due in one year	1.5	1.6	-	-

Notes to Consolidated Financial Statements

11. INTEREST EXPENSE

<i>millions of dollars</i>	2004	2003
Gross interest		
Long-term debt	110.4	109.9
Promissory notes	4.1	5.7
	114.5	115.6
Amortization of debt discount and financing expenses	1.1	1.0
Provision for foreign exchange losses	2.2	2.2
Foreign exchange gain	(0.2)	(1.0)
	117.6	117.8
Less		
Recovered from Hydro-Québec	2.2	3.2 (a)
Interest capitalized during construction	3.6	7.3
Interest earned	22.7	21.9
Net interest expense	89.1	85.4
Debt guarantee fee	14.6	13.9
Net interest and guarantee fee	103.7	99.3

(a) Under the terms of the Power Contract, CFILCo recovers the difference between interest calculated at the rates prescribed in the Power Contract and interest paid on its long-term debt.

Also, CFILCo can request Hydro and Hydro-Québec to make advances against the issue of Subordinated Debt Obligations, to service its debt and to cover expenses if funds are not otherwise available. If such request fails to attract sufficient advances, CFILCo

can require Hydro-Québec to make additional advances, against the issue of units of Subordinate Debentures and shares of common stock, to service its debt and to cover its expenses that remain unfunded.

12. COMMITMENTS AND CONTINGENCIES

- (a) Under the terms of a sublease with Twin Falls, expiring on December 31, 2014, CFILCo is required to deliver to Twin Falls, at an agreed price, horsepower equivalent to the installed horsepower of the Twin Falls plant and to maintain Twin Falls' plant and equipment.

The results of a recent Environmental Site Assessment (ESA) conducted at the Twin Falls Generating Station indicate higher than acceptable concentrations of contaminants in the soil and waters adjacent to the powerhouse. Further testing is to be conducted to determine the extent of contamination, and a remediation plan will be developed in consultation with regulatory agencies. At this time potential liability cannot be estimated due to insufficient knowledge of the extent of contamination. Further, there is uncertainty with respect to whether Twin Falls or CFILCo is responsible for any environmental liabilities that are determined to exist.

- (b) Hydro has received claims instituted by various companies and individuals with respect to outages and other miscellaneous matters. The aggregate of these claims, less any amounts that have been provided for in Hydro's financial statements is approximately \$8.5 million (2003 - \$16.2 million). The final resolution of these matters is currently under negotiation.

Legal proceedings have been commenced against Hydro by one of its customers claiming approximately \$22.2 million related to outages and plant shutdowns. Hydro is defending this claim and Management believes that this claim will not be successful.

- (c) Outstanding commitments for capital projects total approximately \$7.4 million at December 31, 2004 (2003 - \$14.1 million).

13. COMPARATIVE FIGURES

Certain of the 2003 comparative figures have been reclassified to conform with the 2004 financial statement presentation.

**NEWFOUNDLAND AND LABRADOR
INDUSTRIAL DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Industrial
Development Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Industrial Development Corporation as at 31 March 2005 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
22 June 2005

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**

BALANCE SHEET

31 March

	2005	2004
	(000's)	(000's)
ASSETS		
Current		
Cash	\$ 163	\$ 293
Province of Newfoundland and Labrador grants receivable	1,750	-
	1,913	293
Investments, at cost (Note 2)	33,950	30,450
Loans receivable (Note 3)	-	-
	\$ 35,863	\$ 30,743
LIABILITIES AND SURPLUS		
Current		
Accounts payable and accrued liabilities	\$ 1,751	\$ 1
Long-term debt (Note 4)	29,411	29,546
	31,162	29,547
Surplus	4,701	1,196
	\$ 35,863	\$ 30,743

See accompanying notes

Signed on behalf of the Board:


Chairperson


Director

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March

	2005	2004
	(000's)	(000's)
REVENUES		
Province of Newfoundland and Labrador grant (Note 2(d))	\$ 3,500	\$ -
<u>Interest and investment income</u>	<u>6</u>	<u>4</u>
	3,506	4
EXPENSES		
<u>Professional services</u>	<u>1</u>	<u>2</u>
Excess of revenues over expenses	3,505	2
<u>Surplus, beginning of year</u>	<u>1,196</u>	<u>1,194</u>
<u>Surplus, end of year</u>	<u>\$ 4,701</u>	<u>\$ 1,196</u>

See accompanying notes

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**

**STATEMENT OF CASH FLOWS
For the Year Ended 31 March**

	2005	2004
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	\$ 3,505	\$ 2
Changes in non-cash working capital	-	1
	<u>3,505</u>	<u>3</u>
Cash flows from investing activities		
Proceeds from share redemptions	-	135
Investment in Icewater Seafoods Inc.	(3,500)	-
	<u>(3,500)</u>	<u>135</u>
Cash flows from financing activities		
Repayment of long-term debt	(135)	-
Net (decrease) increase in cash	(130)	138
Cash, beginning of year	293	155
Cash, end of year	\$ 163	\$ 293

See accompanying notes

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION**
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Newfoundland and Labrador Industrial Development Corporation (NIDC) operates under the authority of the *Industrial Development Corporation Act*. The primary purpose of NIDC is to provide long-term financing to industrial and resource-based companies. Funding is secured through various means including borrowing from the Province of Newfoundland and Labrador (Province). The affairs of NIDC are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Basis of accounting

These financial statements have been prepared by NIDC's management in accordance with Canadian generally accepted accounting principles.

2. Investments

	2005 (000's)	2004 (000's)
Water rights held in Labrador	\$ 30,000	\$ 30,000
INCO Limited, 5 Common Shares	-	-
Griffiths Guitars International Limited, 43,269 Preference Shares	450	450
Icewater Seafoods Inc., 35,000 Preference Shares	3,500	-
	\$ 33,950	\$ 30,450

(a) Water rights held in Labrador

Pursuant to an agreement dated 24 November 1978, the Lower Churchill Development Corporation Limited (LCDC) has the option of purchasing NIDC's water rights to the Lower Churchill River in consideration for the issuance of 3,000 Class B common shares without nominal or par value. These shares will then be transferred to Newfoundland and Labrador Hydro. This option was to expire 24 November 1996 but has been extended to 24 November 2005. LCDC was incorporated under the *Corporations Act* and is owned 51% by Newfoundland and Labrador Hydro and 49% by the Government of Canada. LCDC was established with the objective of developing all or part of the hydro-electric potential of the Lower Churchill Basin.

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005**

2. Investments (cont.)

(b) INCO Limited

During 1997-98, NIDC purchased five shares of INCO Limited at a cost of \$138.00 (\$27.60 per share).

(c) Griffiths Guitars International Limited

During 2003-04, NIDC converted a loan receivable from Griffiths Guitars International Limited to 43,269 preference shares. This was completed at the request of the Company as part of a refinancing package.

(d) Icewater Seafoods Inc.

During 2004-05, NIDC was authorized by the Province to provide funding to Icewater Seafoods Inc. in the amount of \$3,500,000 by way of a preference share investment in order to assist Icewater Seafoods Inc. in its acquisition of the Arnold's Cove seafood processing facility. These preference shares, having a par value of \$100 per share, are non-voting and redeemable with annual, fixed, preferential and cumulative dividends. The Province advanced funding to NIDC for this investment, by way of two \$1,750,000 grants. These advances were made in October 2004 and April 2005, with 17,500 preference shares purchased from each advance.

By Agreement dated 8 October 2004, NIDC has acquired for nominal consideration from High Liner Foods Incorporated, the previous operator of the Arnold's Cove seafood processing facility, its Enterprise Allocations, vessel designations and historic rights for Newfoundland offshore fishing areas, as defined by the Agreement.

By separate lease Agreement, also dated 8 October 2004, the Corporation leased these Enterprise Allocations, vessel designations and historic rights for Newfoundland offshore fishing areas, to Icewater Seafoods Inc. and Icewater Harvesting Inc. This lease is for a period of twenty years and subject to certain restrictions and conditions contained in the lease agreement.

3. Loans receivable

	2005 (000's)	2004 (000's)
Loans receivable	\$ 250	\$ 250
Allowance for doubtful accounts	(250)	(250)
	<u>\$ -</u>	<u>\$ -</u>

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005**

3. Loans receivable (cont.)

During 1998-1999, NIDC was authorized by the Province to provide a loan of \$250,000 to Picadilly Plastic Inc. The loan was repayable in blended semi-annual payments of principal and interest of \$37,709 commencing in August 2002. The loan was non-interest bearing for the first three years and thereafter was at an interest rate of 8.75%. In accordance with the Debenture Agreement securing the loan, NIDC subordinated its security position during 1999-2000 which enabled the company to obtain additional long-term financing. Due to financial difficulties, Picadilly Plastic Inc. has not made any payments, has ceased operations, and its assets have been tendered for sale by the first mortgagor. An allowance for doubtful accounts of \$250,000 has been recorded in these financial statements for the full amount of this loan.

4. Long-term debt

	2005	2004
	(000's)	(000's)
Non-interest bearing notes payable to the Province, no fixed terms of repayment or maturity dates	\$ 29,411	\$ 29,546

5. Distribution of earnings

Pursuant to Section 30 of the *Industrial Development Corporation Act*, the balance that the Minister of Finance considers to be available out of the net profits of NIDC is to be paid to the Province at such intervals and in a manner that the Minister may direct by notice to the Chairperson of the Board.

6. Related party transactions

NIDC is administered by employees of the Department of Finance. The costs of administration are paid directly by the Department and are not reflected in these financial statements.

7. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash, grants receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

The Corporation's long-term financial instruments recognized on the balance sheet consist of loans receivable and non-interest bearing long-term debt. The carrying value of the long-term debt approximates fair value to the Corporation and is not subject to any material interest rate risk. The loans receivable has been fully allowed for and is disclosed at a nil amount.

**NEWFOUNDLAND AND LABRADOR INDUSTRIAL DEVELOPMENT
CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005**

8. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

9. Income taxes

NIDC is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

**NEWFOUNDLAND AND LABRADOR
LEGAL AID COMMISSION**

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Commissioners
Newfoundland and Labrador Legal Aid Commission
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Legal Aid Commission as at 31 March 2004 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
14 July 2004

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
BALANCE SHEET

31 March

2004

2003

ASSETS

Current

Cash	\$	26,447	\$	236,635
Accounts receivable (Note 2)		208,001		248,633

	234,448	485,268
--	---------	---------

Funds deposited in trust (Note 3)	94,923	101,730
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Capital assets (Note 4)	300,256	224,705
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\$	629,627	\$	811,703
----	---------	----	---------

LIABILITIES AND DEFICIT

Current

Accounts payable and accrued liabilities (Note 5)	\$	1,002,618	\$	933,725
Deferred revenue		161,601		177,614

	1,164,219	1,111,339
--	-----------	-----------

Accrued severance pay	855,073	814,124
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Funds deposited in trust (Note 3)	94,923	101,730
-----------------------------------	--------	---------

	2,114,215	2,027,193
--	-----------	-----------

Deficit	(1,484,588)	(1,215,490)
---------	-------------	-------------

\$	629,627	\$	811,703
----	---------	----	---------

Contingent liabilities (Note 6)

See accompanying notes

Signed on behalf of the Board:

Chairperson

Provincial Director

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March

2004

2003

	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
REVENUES			
Province of Newfoundland and Labrador operating grant	\$ 7,105,600	\$ 6,830,440	\$ 6,844,200
Law Foundation of Newfoundland and Labrador grant	206,639	300,000	100,121
Government of Canada grant	20,000	-	30,000
Interest	10,144	-	14,039
Other	52,466	95,000	25,898
	<u>7,394,849</u>	<u>7,225,440</u>	<u>7,014,258</u>
EXPENSES			
Amortization	86,145	-	94,913
Bar fees and insurance	78,307	78,841	67,179
Capital asset purchases	-	138,500	-
Commissioners' fees and expenses	120,767	73,500	108,509
Conference and education	45,778	41,000	31,075
Family Justice Central Project (Note 7)	85,582	165,000	151,495
Legal fees and disbursements	633,040	421,900	491,908
Library	47,042	32,150	39,446
Miscellaneous	23,469	13,022	25,573
Office and equipment rental	429,090	431,464	419,334
Office expense	197,612	106,523	312,207
Salaries and benefits	5,810,042	5,628,940	5,553,303
Telephone and light	73,863	80,000	74,875
Travel	33,210	14,600	23,481
	<u>7,663,947</u>	<u>7,225,440</u>	<u>7,393,298</u>
Excess of expenses over revenues	(269,098)	-	(379,040)
Deficit, beginning of year	(1,215,490)	(1,215,490)	(836,450)
Deficit, end of year	\$ (1,484,588)	\$ (1,215,490)	\$ (1,215,490)

See accompanying notes

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2004	2003
Cash flows from operating activities		
Excess of expenses over revenues	\$ (269,098)	\$ (379,040)
Adjustment for non-cash items		
Amortization	86,145	94,913
	<u>(182,953)</u>	<u>(284,127)</u>
Changes in non-cash working capital		
Accounts receivable	40,632	(6,830)
Prepaid expenses	-	40,350
Accounts payable and accrued liabilities	68,893	76,851
Deferred revenue	(16,013)	34,633
	<u>93,512</u>	<u>145,004</u>
Increase in accrued severance pay	40,949	94,650
	<u>(48,492)</u>	<u>(44,473)</u>
Cash flows from investing activities		
Purchase of capital assets	(161,696)	(93,724)
Net decrease in cash	(210,188)	(138,197)
Cash, beginning of year	236,635	374,832
Cash, end of year	\$ 26,447	\$ 236,635

See accompanying notes

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Newfoundland and Labrador Legal Aid Commission (the Commission) operates under the authority of the *Legal Aid Act*. The purpose of the Commission is to establish and administer a plan of legal aid for the residents of the Province of Newfoundland and Labrador.

The affairs of the Commission are managed by a Board of Commissioners consisting of the Deputy Minister of Justice and the Provincial Director of the Commission, and five members appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Commission's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Revenue recognition

Revenue for legal services is recognized on completion of services provided for legal action.

(b) Capital assets

Capital assets are recorded at cost at the time of acquisition. The budget for the purchase of capital assets was \$138,500 (2003 - \$153,500). Actual purchases totalled \$161,696 (2003 - \$93,724).

Amortization is recorded as follows:

Office furniture and equipment - Straight line basis over a period of five years from the date of purchase.

Software development - Straight line basis over a period of five years from the date of purchase.

Computer equipment - Straight line basis over a period of five years from the date of purchase.

Leasehold improvements - Straight line basis over the remaining life of the rental agreement.

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

1. Significant accounting policies (cont.)

(c) Severance pay

Severance pay is calculated based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. The amount is payable when the employee ceases employment with the public service.

2. Accounts receivable

	<u>2004</u>	<u>2003</u>
Trade	\$ 369,082	\$ 394,575
Harmonized Sales Tax	41,292	31,331
Government of Canada	-	30,000
	<u>410,374</u>	<u>455,906</u>
Less: allowance for doubtful accounts	<u>(202,373)</u>	<u>(207,273)</u>
Net accounts receivable	<u>\$ 208,001</u>	<u>\$ 248,633</u>

3. Funds deposited in trust

Funds deposited in trust of \$94,923 (2003 - \$101,730) represent amounts received by the Commission for legal services which have yet to be completed. Once legal services have been completed, these deposits will be combined with the general funds of the Commission.

4. Capital assets

	<u>2004</u>		<u>2003</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Office furniture and equipment	\$ 675,591	\$ 606,141	\$ 69,450	\$ 89,637
Software development	172,124	142,654	29,470	1,871
Computer equipment	433,543	232,397	201,146	132,874
Leasehold improvements	18,345	18,155	190	323
	<u>\$ 1,299,603</u>	<u>\$ 999,347</u>	<u>\$ 300,256</u>	<u>\$ 224,705</u>

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

5. Accounts payable and accrued liabilities

	<u>2004</u>	<u>2003</u>
Trade	\$ 150,682	\$ 184,619
Salaries and benefits	851,936	749,106
	<u>\$ 1,002,618</u>	<u>\$ 933,725</u>

6. Contingent liabilities

As at 31 March 2004, several claims had been filed against the Commission. These actions have not progressed far enough to enable the formation of a definite opinion as to their outcome. The likelihood of loss or the amount of possible loss to the Commission is not determinable at this time.

7. Family Justice Central Project

On 14 March 2002, an agreement was signed between the Government of Canada and the Province that provided for funding to the Province for a Family Justice Central Project. The agreement covers a portion of the costs of a pilot project for the development, implementation, and evaluation of the delivery of integrated justice services in the family law area in Central Newfoundland. The agreement covered the period 1 September 2001 to 31 March 2003 and provided for funding to be paid to the Province in the amount of \$165,000 in 2002-03 and \$83,000 in 2001-02. The agreement was extended to 31 March 2004 and provided for additional funding of up to \$130,019 to be paid to the Province in 2003-04. This funding was included in the grant provided to the Commission by the Province. Actual expenditures paid by the Commission for the project were as follows:

	<u>2004</u>	<u>2003</u>
Office expense	\$ 5,608	\$ 35,714
Office rental	3,600	3,900
Salaries and benefits	67,396	95,898
Telephone	4,441	5,680
Travel	4,537	10,303
	<u>\$ 85,582</u>	<u>\$ 151,495</u>

8. Pensions

Under the *Legal Aid Act*, Commission staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Commission and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Commission's share of pension contributions for 2004 was \$355,683 (2003 - \$328,340).

NEWFOUNDLAND AND LABRADOR LEGAL AID COMMISSION
NOTES TO FINANCIAL STATEMENTS
31 March 2004

9. Lease commitments

The Commission has entered into agreements requiring lease payments for office rental for the next four years as follows:

2005	\$239,420
2006	\$239,420
2007	\$189,630
2008	\$ 20,518

10. Economic dependence

As a result of the Commission's reliance on Provincial funding to meet its cost of operations, the Commission's ability to continue viable operations is dependent upon continued funding from the Province.

11. Financial instruments

The Commission's financial instruments recognized in the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity associated with these instruments. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to these receivables.

12. Income taxes

The Commission is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Deloitte

Financial Statements of

**NEWFOUNDLAND AND LABRADOR
LIQUOR CORPORATION**

March 31, 2005

Deloitte

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada

Tel: (709) 576-8480
Fax: (709) 576-8460
www.deloitte.ca

Auditors' Report

To the Board of Directors of Newfoundland and Labrador Liquor Corporation

We have audited the balance sheet of the Newfoundland and Labrador Liquor Corporation as at March 31, 2005 and the statements of earnings, retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
June 24, 2005

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION
Statement of Earnings

Year ended March 31, 2005 (in thousands)

	<u>2005</u>	<u>2004</u>
	\$	\$
SALES	130,732	131,107
COST OF GOODS SOLD		
Inventory, beginning of the year	22,723	24,161
Purchases	56,506	53,611
Cost of goods available for sale	79,229	77,772
Less: inventory, end of the year	26,418	22,723
	52,811	55,049
GROSS PROFIT	77,921	76,058
COMMISSION REVENUE ON SALE OF BEER	51,976	50,343
OTHER INCOME		
Commission on licensee purchases	2,626	2,789
Interest	603	643
Miscellaneous	995	1,045
	4,224	4,477
EARNINGS FROM OPERATIONS	134,121	130,878
ADMINISTRATIVE AND OPERATING EXPENSES (Schedule 1)	30,104	30,840
NET EARNINGS	104,017	100,038

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Statement of Retained Earnings

Year ended March 31, 2005 (in thousands)

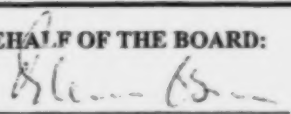
	<u>2005</u>	<u>2004</u>
	\$	\$
BALANCE, BEGINNING OF YEAR	43,121	36,683
NET EARNINGS	104,017	100,038
	147,138	136,721
PAYMENTS TO THE PROVINCE OF NEWFOUNDLAND AND LABRADOR	105,370	93,600
BALANCE, END OF YEAR	41,768	43,121

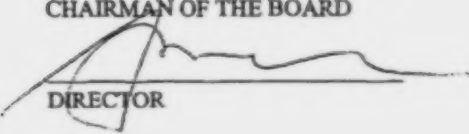
NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION
Balance Sheet

March 31, 2005 (in thousands)

	<u>2005</u>	<u>2004</u>
	\$	\$
ASSETS		
CURRENT		
Cash	14,957	15,689
Accounts receivable	5,830	6,108
Beer commissions receivable	4,550	4,770
Inventories, at cost (Note 3)	26,418	22,723
Prepaid expenses	521	448
	52,276	49,738
CAPITAL ASSETS (Note 4)	6,735	7,581
LEASED ASSETS (Note 5)	4,665	4,942
INTANGIBLE ASSETS (Note 6)	82	102
	63,758	62,363
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	18,648	15,744
Accrued vacation pay	978	1,027
Current portion of obligation under capital lease (Note 7)	13	50
	19,639	16,821
ACCRUED SEVERANCE PAY	2,351	2,408
OBLIGATION UNDER CAPITAL LEASE (Note 7)	-	13
	21,990	19,242
EQUITY		
Retained earnings	41,768	43,121
	63,758	62,363

ON BEHALF OF THE BOARD:


 CHAIRMAN OF THE BOARD


 DIRECTOR

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION
Statement of Cash Flows

Year ended March 31, 2005 (in thousands)

	<u>2005</u> \$	<u>2004</u> \$
OPERATING ACTIVITIES		
Net earnings	104,017	100,038
Adjustments for:		
Amortization	2,153	1,984
Gain on disposal of capital assets	(2)	(16)
Accrual for vacation pay	(49)	144
Accrual for severance pay	(57)	197
Net change in non-cash operating working capital	(366)	(1,858)
	<u>105,696</u>	<u>100,489</u>
INVESTING ACTIVITIES		
Proceeds on disposal of capital assets	3	48
Purchase of capital assets	(1,011)	(2,150)
	<u>(1,008)</u>	<u>(2,102)</u>
FINANCING ACTIVITIES		
Payments to the Province of Newfoundland and Labrador	(105,370)	(93,600)
Repayment of long term debt	-	(100)
Repayment of obligation under capital lease	(50)	(49)
	<u>(105,420)</u>	<u>(93,749)</u>
NET (DECREASE) INCREASE IN CASH	(732)	4,638
CASH, BEGINNING OF YEAR	15,689	11,051
CASH, END OF YEAR	14,957	15,689

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION
Notes to the Financial Statements
March 31, 2005 (tabular amounts in thousands)

1. DESCRIPTION OF BUSINESS

The Newfoundland and Labrador Liquor Corporation (the "Corporation") is a provincial crown corporation responsible for managing the importation, sale and distribution of beverage alcohol throughout Newfoundland and Labrador.

2. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Revenue recognition

Revenue is recognized when goods have been sold and all contractual obligations have been met and collection is reasonably assured.

Inventories

Inventory is carried at the lower of average cost and net realizable value.

Capital assets

Capital assets are recorded at cost. Amortization is recorded over the expected useful life of the assets on a straight line basis as follows:

Buildings	20 years
Store equipment and fixtures	5 years
Motor vehicles	3 years
Office furniture and equipment	5 years and 10 years
Plant and warehouse equipment	5 years

Leased assets

Leased assets are recorded at cost. Amortization is recorded over the terms of the leases on a straight line basis as follows:

Leasehold improvements	1 to 20 years
Leased land	30 years

Intangible assets

Intangible assets consist of a trademark which is recorded at cost and amortized on a straight line basis over a ten-year period.

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2005 (tabular amounts in thousands)

2. ACCOUNTING POLICIES (Continued)

Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payment. No provision for severance pay liability is made for employees who have less than nine years of continual service.

Use of estimates

The preparation of the Corporation's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. INVENTORIES

	<u>2005</u>	<u>2004</u>
	\$	\$
Head office	11,098	10,661
Branch stores	7,054	7,911
Stock in transit	7,190	3,127
Raw materials	1,035	938
Work in progress	41	86
	<u>26,418</u>	<u>22,723</u>

4. CAPITAL ASSETS

	<u>2005</u>		<u>2004</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
Land	1,123	-	1,123	1,123
Buildings	7,139	4,443	2,696	2,966
Store equipment and fixtures	2,254	1,471	783	887
Motor vehicles	155	144	11	31
Office furniture and equipment	4,387	2,675	1,712	2,097
Plant and warehouse equipment	3,229	2,819	410	477
	<u>18,287</u>	<u>11,552</u>	<u>6,735</u>	<u>7,581</u>

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION
Notes to the Financial Statements
March 31, 2005 (tabular amounts in thousands)

5. LEASED ASSETS

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Leasehold improvements	10,966	6,416	4,550	4,790
Leased land	249	200	49	57
Leased equipment	147	81	66	95
	11,362	6,697	4,665	4,942

6. INTANGIBLE ASSETS

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Trademark	203	121	82	102

7. OBLIGATION UNDER CAPITAL LEASE

	\$
IBM Canada Limited, capital equipment lease repayable in monthly instalments of \$5,226 to June 30, 2005	16
Less: interest on obligation	3
	13
Less: current portion	13
	-

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Notes to the Financial Statements

March 31, 2005 (tabular amounts in thousands)

8. FINANCIAL INSTRUMENTS

The Corporation's financial instruments included in current assets and current liabilities approximate fair value due to their short term to maturity. The Corporation intends to hold its long term debt instruments to maturity and therefore does not expect any differences between carrying value and fair market value will be recorded in the accounts.

9. LEASE COMMITMENTS

The Corporation has entered into rental leases covering retail outlets. Annual lease obligations for the next five years are as follows:

	5
2006	1,135
2007	838
2008	681
2009	372
2010	197
	3,223

10. RELATED PARTY TRANSACTIONS

The Corporation is leasing office and warehouse space in St. John's from the Department of Works, Services and Transportation. These leases are rent free; however, all operating and maintenance costs related to the buildings are the responsibility of the Corporation.

11. PENSIONS

The Corporation and its employees are subject to the Public Service Pensions Act effective June 26, 1973. Pension contributions deducted from employees' salaries are matched by the Corporation and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Corporation's share of pension expense for the year is \$0.9 million (2004 - \$0.8 million).

12. COMPARATIVE FIGURES

Certain of the comparative information has been reclassified to conform with the presentation adopted in the current year.

SCHEDULE 1

NEWFOUNDLAND AND LABRADOR LIQUOR CORPORATION

Schedule of Administrative and Operating Expenses

Year ended March 31, 2005 (in thousands)

	<u>2005</u>	<u>2004</u>
	\$	\$
Salaries and employee benefits	15,026	15,927
Agency store commission and expenses	4,196	4,118
Amortization on capital and leased assets	2,057	1,873
Marketing	1,740	1,442
Rent and municipal taxes	1,511	1,449
Interest and bank charges	793	722
Interest on long term debt	8	9
Other	4,773	5,300
	<u>30,104</u>	<u>30,840</u>

**NEWFOUNDLAND AND LABRADOR
MUNICIPAL FINANCING CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Municipal Financing
Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Municipal Financing Corporation as at 31 March 2005 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
7 June 2005

**NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
BALANCE SHEET**

31 March	2005	2004
	(000's)	(000's)
ASSETS		
Current		
Cash and term deposits	\$ 4,735	\$ 6,829
Investment - coupons (at cost)	5,076	5,038
- earned interest receivable	3,316	4,358
Accounts receivable	5,921	10,362
Accrued interest receivable	3,405	4,276
Current portion of loans receivable (Note 2)	33,383	33,901
	55,836	64,764
Long-term investment - coupons	9,758	13,917
Long-term loans receivable (Note 2)	213,934	223,655
Deferred charges (Note 3)	873	939
	\$ 280,401	\$ 303,275
LIABILITIES AND DEFICIT		
Current		
Accounts payable and accrued liabilities	\$ 143	\$ 122
Accrued interest payable	4,578	6,044
Current portion of debenture debt (Note 4)	39,951	52,451
Current portion of deferred revenue (Note 5)	455	934
	45,127	59,551
Long-term debenture debt (Note 4)	234,657	246,736
Deferred revenue (Note 5)	522	845
Reserve fund (Note 6)	2,792	-
	283,098	307,132
Deficit	(2,697)	(3,857)
	\$ 280,401	\$ 303,275

See accompanying notes

Signed on behalf of the Board of Directors:


Chairperson


Director

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
STATEMENT OF REVENUES, EXPENSES AND DEFICIT
For the Year Ended 31 March

	2005	2004
	(000's)	(000's)
REVENUES		
Interest on loans to municipal corporations	\$ 20,743	\$ 23,119
Sinking fund income	1,152	2,304
Short-term interest	1,116	1,449
Amortization of deferred revenue:		
Prepayment penalties	946	1,492
	<u>23,957</u>	<u>28,364</u>
EXPENSES		
Administrative and miscellaneous	203	214
Amortization of deferred charges:		
Issue expenses on debenture debt	194	252
Premiums and discounts on debenture debt	77	84
Interest on long-term debt	<u>22,323</u>	<u>27,128</u>
	<u>22,797</u>	<u>27,678</u>
Excess of revenues over expenses	1,160	686
Deficit, beginning of year	(3,857)	(4,543)
Deficit, end of year	\$ (2,697)	\$ (3,857)

See accompanying notes

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2005	2004
	(000's)	(000's)
Cash flows from operating activities		
Excess of revenues over expenses	\$ 1,160	\$ 686
Add (deduct) non-cash items:		
Sinking fund income	(1,152)	(2,304)
Amortization of issue expenses on debenture debt	194	252
Amortization of premiums and discounts on debenture debt	77	84
Amortization of prepayment penalties	(946)	(1,492)
Accrued interest income on coupons	(810)	(1,095)
	(1,477)	(3,869)
<u>Change in non-cash working capital</u>	<u>3,867</u>	<u>(724)</u>
	<u>2,390</u>	<u>(4,593)</u>
Cash flows from financing activities		
Proceeds from debenture issues	30,000	19,000
Retirement of debentures	(65,451)	(70,112)
Premiums and discounts on debenture debt	(44)	(22)
Issue expenses on debenture debt	(161)	(136)
Assets transferred from Sinking Fund	12,324	27,166
Sinking fund payments	(300)	(560)
Prepayment penalties	144	109
Reserve fund advances received	9,000	-
Reserve fund allocations to municipal corporations	(6,208)	(822)
	(20,696)	(25,377)
Cash flows from investing activities		
Investment - coupons purchased	(440)	(810)
Investment - coupons redeemed	6,413	6,809
Loans to municipal corporations	(25,195)	(20,315)
<u>Loan payments received from municipal corporations</u>	<u>35,434</u>	<u>35,354</u>
	<u>16,212</u>	<u>21,038</u>
Decrease in cash and term deposits	(2,094)	(8,932)
<u>Cash and term deposits, beginning of year</u>	<u>6,829</u>	<u>15,761</u>
<u>Cash and term deposits, end of year</u>	<u>\$ 4,735</u>	<u>\$ 6,829</u>

See accompanying notes

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

Newfoundland and Labrador Municipal Financing Corporation (the Corporation) was created by the *Municipal Financing Corporation Act*. The Corporation's primary function is to provide long-term financing for the capital requirements of municipal corporations by the issuance of its securities, and relending the funds to municipal corporations. The Corporation's affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province of Newfoundland and Labrador (the Province).

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Premiums, discounts and issue expenses on debenture debt

Premiums, discounts and issue expenses are deferred and amortized on a straight line basis over the life of the debenture issue to which they relate. In the case of the early retirement of debenture debt, a proportionate amount of the deferred balance is included with the gain or loss in the determination of net income for the period.

(b) Deferred revenue

Penalties are charged when municipal corporations prepay all or a portion of their loans with the Corporation. These penalties are deferred and amortized on a straight line basis over the average years remaining for these loans prior to payout.

2. Loans receivable

	2005	2004
	(000's)	(000's)
Loans receivable from municipal corporations	\$ 247,317	\$ 257,556
Less: current portion	(33,383)	(33,901)
Long-term portion	\$ 213,934	\$ 223,655

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

2. Loans receivable (cont.)

Loans to municipal corporations are made on the security of their debentures. Provisions exist for the recovery from the Province of any defaults by municipal corporations. Therefore, no allowance for doubtful accounts has been provided.

Principal payments receivable in each of the next five (5) years are as follows:

<u>Year</u>	<u>Amount</u> (000's)
2006	\$33,383
2007	\$31,270
2008	\$28,553
2009	\$26,576
2010	\$23,341

3. Deferred charges

	<u>2005</u> (000's)	<u>2004</u> (000's)
Issue expenses on debenture debt	\$ 629	\$ 662
Premiums and discounts on debenture debt	244	277
	<u>\$ 873</u>	<u>\$ 939</u>

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

4. Debenture debt

The Corporation's debenture debt is unconditionally and fully guaranteed as to principal, interest and sinking fund payments, if any, by the Province. Details of long-term debt outstanding at 31 March 2005 are as follows:

Series	Remaining Term	Interest Rate %	Sinking Fund Balance (000's)	2005 (000's)	2004 (000's)	
MFC-12			\$ -	\$ -	\$ 13,000	
MFC-17	11 Dec 2005-06	10.250	-	3,000	4,500	(a)
MFC-21	1 Dec 2005-08	10.875	9,225	15,000	15,000	
MFC-22	15 Jun 2005-09	10.500	-	6,250	7,500	(b)
MFC-23			-	-	2,000	
MFC-24	30 May 2005	12.750	-	1,787	3,574	(c)
MFC-25	27 Nov 2005	12.250	-	1,666	3,332	(d)
MFC-26	30 May 2005-06	10.875	-	5,334	8,001	(e)
MFC-27	20 Nov 2005-06	10.250	-	3,332	4,998	(f)
MFC-28	30 Apr 2005-07	10.125-10.250	-	7,998	10,664	(g)
MFC-29	15 Dec 2005-07	9.500- 9.625	-	3,000	4,000	(h)
MFC-30	20 May 2005-08	8.875- 9.125	-	8,000	10,000	(i)
MFC-31	1 Dec 2005-08	8.250- 8.375	-	9,332	11,665	(j)
MFC-32	17 May 2005-08	9.125- 9.375	-	10,000	13,000	(k)
MFC-34	2 Sep 2005-07	9.960	-	10,000	10,000	
MFC-35			-	-	12,000	
MFC-36	15 May 2005-10	9.300- 9.600	-	7,500	8,750	(l)
MFC-37	10 Jan 2006-11	8.125- 8.375	-	12,000	14,000	(m)
MFC-38	1 Jun 2005-13	5.625- 6.000	-	11,000	12,200	(n)
MFC-39	16 Dec 2005-13	5.750- 6.125	-	14,500	16,500	(o)
MFC-40	14 Dec 2005-14	6.500- 6.850	-	12,600	14,200	(p)
MFC-41	17 Oct 2005-10	6.250- 6.500	-	8,400	9,700	(q)
MFC-42	5 Apr 2005-11	5.150- 5.900	-	11,400	12,700	(r)
MFC-43	20 Sep 2005-16	5.250- 6.500	-	28,000	30,000	(s)
MFC-44	15 Mar 2006-17	4.750- 6.125	-	12,000	13,000	(t)
MFC-45	26 Mar 2006-13	4.000- 5.375	-	24,000	26,000	(u)
MFC-46	2 Sep 2005-12	5.200	-	10,000	10,000	
MFC-47	17 Mar 2006-19	2.650- 5.200	-	17,734	19,000	(v)
MFC-48	29 Mar 2006-20	2.900- 5.200	-	30,000	-	(w)
Total			\$ 9,225	283,833	319,284	
Less: sinking funds				(9,225)	(20,097)	(x)
Net debenture debt				274,608	299,187	
Less: current portion				(39,951)	(52,451)	
Long-term portion				\$ 234,657	\$ 246,736	

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

4. Debenture debt (cont.)

- (a) On 11 December of each year, the Corporation is to redeem \$1,500,000 in the years 2005 to 2006 inclusive.
- (b) On 15 June of each year, the Corporation is to redeem \$1,250,000 in the years 2005 to 2009 inclusive.
- (c) On 30 May 2005, the Corporation is to redeem the \$1,787,000.
- (d) On 27 November 2005, the Corporation is to redeem the \$1,666,000.
- (e) On 30 May of each year, the Corporation is to redeem \$2,667,000 in the years 2005 to 2006 inclusive.
- (f) On 20 November of each year, the Corporation is to redeem \$1,666,000 in the years 2005 to 2006 inclusive.
- (g) On 30 April of each year, the Corporation is to redeem \$2,666,000 in the years 2005 to 2007 inclusive.
- (h) On 15 December of each year, the Corporation is to redeem \$1,000,000 in the years 2005 to 2007 inclusive.
- (i) On 20 May of each year, the Corporation is to redeem \$2,000,000 in the years 2005 to 2008 inclusive.
- (j) On 1 December of each year, the Corporation is to redeem \$2,333,000 in the years 2005 to 2008 inclusive.
- (k) On 17 May of each year, the Corporation is to redeem \$2,000,000 in the year 2005, \$6,000,000 in the year 2007, and \$2,000,000 in the year 2008.
- (l) On 15 May of each year, the Corporation is to redeem \$1,250,000 in the years 2005 to 2010 inclusive.
- (m) On 10 January of each year, the Corporation is to redeem \$2,000,000 in the years 2006 to 2011 inclusive.

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

4. Debenture debt (cont.)

- (n) On 1 June of each year, the Corporation is to redeem \$1,200,000 in the years 2005 to 2009 inclusive and \$1,250,000 in the years 2010 to 2013 inclusive.
- (o) On 16 December of each year, the Corporation is to redeem \$2,000,000 in the year 2005, \$2,500,000 in the years 2006 to 2008 inclusive and \$1,000,000 in the years 2009 to 2013 inclusive.
- (p) On 14 December of each year, the Corporation is to redeem \$1,700,000 in the years 2005 to 2006 inclusive, \$1,800,000 in the year 2007, \$1,200,000 in the years 2008 to 2009 inclusive and \$1,000,000 in the years 2010 to 2014 inclusive.
- (q) On 17 October of each year, the Corporation is to redeem \$1,400,000 in the years 2005 to 2007 inclusive, \$1,600,000 in the years 2008 to 2009 inclusive, and \$1,000,000 in the year 2010.
- (r) On 5 April of each year, the Corporation is to redeem \$1,300,000 in the year 2005, \$1,400,000 in the years 2006 to 2007 inclusive, \$1,500,000 in the year 2008, \$1,600,000 in the year 2009, \$1,700,000 in the year 2010 and \$2,500,000 in the year 2011.
- (s) On 20 September of each year, the Corporation is to redeem \$2,000,000 in the years 2005 to 2006 inclusive, \$2,800,000 in the years 2007 to 2011 inclusive and \$2,000,000 in the years 2012 to 2016 inclusive.
- (t) On 15 March of each year, the Corporation is to redeem \$1,000,000 in the years 2006 to 2017 inclusive.
- (u) On 26 March of each year, the Corporation is to redeem \$2,000,000 in the years 2006 to 2012 inclusive and \$10,000,000 in the year 2013.
- (v) On 17 March of each year, the Corporation is to redeem \$1,266,000 in the years 2006 to 2008 inclusive, \$1,276,000 in the year 2009 and \$1,266,000 in the years 2010 to 2019 inclusive.
- (w) On 29 March of each year, the Corporation is to redeem \$2,300,000 in the years 2006 to 2015 inclusive and \$1,400,000 in the years 2016 to 2020.

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

4. Debenture debt (cont.)

- (x) For debentures which have sinking fund requirements, the Corporation makes the required contributions to the Board of Trustees of the Newfoundland and Labrador Municipal Financing Corporation Sinking Fund. This is an unincorporated body appointed by the Lieutenant-Governor in Council. All board members are full-time employees of the Province.

Estimated sinking fund requirements and debenture maturities over the next five (5) years are as follows:

Year Ending 31 March	Sinking Fund Requirements (000's)	Debenture Maturities (000's)	Total Amount (000's)
2006	\$300	\$39,951	\$40,251
2007	\$300	\$35,098	\$35,398
2008	\$300	\$46,165	\$46,465
2009	-	\$28,209	\$28,209
2010	-	\$20,466	\$20,466

Debenture maturities reflect only securities maturing without sinking funds.

5. Deferred revenue

	2005 (000's)	2004 (000's)
Deferred revenue	\$ 977	\$ 1,779
Less: current portion	(455)	(934)
<u>Long-term portion</u>	<u>\$ 522</u>	<u>\$ 845</u>

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

6. Reserve fund

The Province funds a reserve fund established to mitigate arrears with respect to municipal loans. The reserve fund is allocated as the Department of Municipal and Provincial Affairs concludes negotiations with various municipal corporations with respect to restructuring debt due to the Corporation.

	2005	2004
	(000's)	(000's)
Balance, beginning of year	\$ -	\$ 822
Add: funds advanced to Corporation during year	9,000	-
Less: amounts allocated to municipal corporations for debt restructuring	(6,208)	(822)
Balance, end of year	\$ 2,792	\$ -

7. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash and term deposits, short-term investments, accounts receivable, accrued interest receivable, accounts payable and accrued liabilities and accrued interest payable. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's accounts receivable.

The Corporation's long-term financial instruments recognized on the balance sheet consist of long-term investments, long-term loans receivable and long-term debenture debt. The Corporation's policy is to hold its long-term investments to maturity, therefore their reported value is current fair value to the Corporation. Since provisions exist for the recovery from the Province of any defaults by municipal corporations there is no credit risk associated with the Corporation's long-term loans receivable and therefore, the amount presented in the balance sheet is the same as current fair value of the asset.

The majority of the Corporation's long-term debt is issued as serial debentures which are redeemed over a number of years at varying interest rates. In addition, the Corporation's long-term debenture debt is used to finance loans to the Province's various municipalities. The rates charged by the Corporation to these municipalities is calculated using the rates the Corporation is required to pay on its related debenture debt plus an additional percentage. Because provisions exist for the recovery from the Province of any defaults by municipal corporations and because the long-term debenture debt of the Corporation is specifically tied to these receivables, the long-term debenture debt as presented in the balance sheet is presented at current fair value and the Corporation is not subject to any rate risk relating to this debt.

NEWFOUNDLAND AND LABRADOR MUNICIPAL FINANCING CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 March 2005

8. Economic dependence

As a result of cost-sharing arrangements, the loans receivable from municipal corporations disclosed in Note 2 are serviced by both the municipal corporations and the Province. Due to the nature of these arrangements, the Province is in effect repaying a significant portion of the loans owing to the Corporation. Provisions exist for the recovery from the Province of any defaults by municipal corporations.

The Corporation's debentures are fully guaranteed by the Province as to principal, interest and sinking fund payments, if any. As at 31 March 2005, this guarantee covered net debenture debt and accrued interest totalling \$279,186,000 (2004 - \$305,231,000).

As a result, the Corporation's continued existence is dependent upon the decisions of the Province.

9. Related party transactions

The Corporation is administered by employees of the Department of Finance. The salary costs of these employees are paid by the Department of Finance, reimbursed by the Corporation, and are reflected in these financial statements.

10. Income taxes

The Corporation is a Crown corporation of the Province and as such is not subject to Provincial or Federal income taxes.

11. Going concern

The Province of Newfoundland and Labrador has decided that it will no longer refinance its portion of completed municipal capital projects through the Corporation. As a result, the Corporation will be winding up its operations over the coming years as it repays its debenture debt.

**NEWFOUNDLAND AND LABRADOR
STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

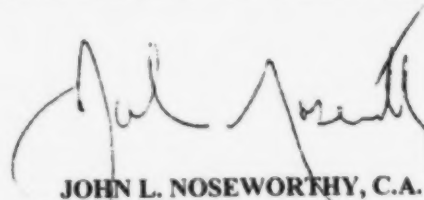
AUDITOR'S REPORT

To the Board of Directors
Newfoundland and Labrador Student
Investment and Opportunity Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Newfoundland and Labrador Student Investment and Opportunity Corporation as at 31 March 2005 and the statement of revenues, expenses and surplus for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Newfoundland and Labrador Student Investment and Opportunity Corporation as at 31 March 2005 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
22 June 2005

**NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION**

BALANCE SHEET

31 March

2005

2004

ASSETS

Current

Cash	\$ 2,270,348	\$ 2,794,327
Accounts receivable	4,886	5,275
Due from Province – operating grant	2,742	1,261
	<u>\$ 2,277,976</u>	<u>\$ 2,800,863</u>

LIABILITIES AND EQUITY

Current

Accounts payable	\$ 87,999	\$ 62,114
Due to Province – Special Purpose Fund	29,301	-
	<u>117,300</u>	<u>62,114</u>

Equity

Share capital (Note 2)	-	-
Equity	2,160,676	2,738,749
	<u>\$ 2,277,976</u>	<u>\$ 2,800,863</u>

Commitments (Note 3)

See accompanying notes

Signed on behalf of the Board:


Chairperson


Member

**NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION**

STATEMENT OF REVENUES, EXPENSES AND SURPLUS

For the Year Ended 31 March

2005

2004

REVENUES

Grants from the Province of Newfoundland and Labrador	\$ 6,233,932	\$ 8,260,000
Investment income	58,852	78,840
	<u>6,292,784</u>	<u>8,338,840</u>

EXPENSES

Programs:

Student Works and Services Program (SWASP)		
– Paid Employment	1,348,009	1,662,238
Graduate Employment Program	1,006,533	763,416
Small Enterprise Co-op Placement Assistance Program	800,000	449,962
Youth Opportunities Program	748,802	1,450,000
Newfoundland and Labrador Conservation Corps	500,000	500,000
Student Employment Program (High School Students)	489,730	727,041
Student Works and Services Program – Community Service	377,498	484,901
Student Works and Services Program – Post Secondary	360,000	489,814
Grants to Youth Organizations	269,469	123,584
Tutoring/Work Experience	220,846	286,337
Faculty of Education Co-op Program	165,000	300,000
Year Round SWASP	121,824	74,607
Above and Beyond SWASP	80,000	79,995
Newfoundland and Labrador Youth Advisory Program	75,633	42,103
Student Summer Support	60,603	74,253
Tutoring for Tuition Program	49,317	19,088
Marine Camp Program	40,000	40,000
Rural Practice Work Experience for Medical Students Program	18,399	18,310
Social Worker Recruitment Program	16,912	36,534
Career Related Transitional Wage Program	1,490	29,510
Memorial University of Newfoundland Public Policy Program	-	120,000
Small Enterprise Co-op Placement Assistance Program		
– Volunteer Initiative	-	120,000
Community Access Program	-	100,000
Administration (Note 4)	<u>120,792</u>	<u>162,213</u>
	<u>6,870,857</u>	<u>8,153,906</u>

Excess of (expenses over revenues)		
revenues over expenses	(578,073)	184,934
Surplus, beginning of year	<u>2,738,749</u>	<u>2,553,815</u>
Surplus, end of year	<u>\$ 2,160,676</u>	<u>\$ 2,738,749</u>

See accompanying notes

**NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION**
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2005

Authority

The Newfoundland and Labrador Student Investment and Opportunity Corporation (the Corporation) was incorporated on 29 March 2001 under *The Corporations Act* of the Province of Newfoundland and Labrador. The Province holds the only issued common share. The affairs of the Corporation are managed by a board of directors (the Board) appointed under the direction of the Minister of Human Resources, Labour and Employment. All of the board members are full-time employees of the Province of Newfoundland and Labrador.

The objective of the Board is to hold funds and direct expenditures for programs aimed at providing employment experience for students and to assist them in earning money towards their post-secondary education.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since there are no investing and financing activities and the changes in cash flows are readily apparent from the other statements.

2. Share capital

Share capital consists of:

Authorized
One no par value share

Issued and Outstanding
One no par value share

Pursuant to the direction of the Lieutenant-Governor in Council, as at 31 March 2005, the Minister of Human Resources, Labour and Employment holds the only issued share of the Corporation on behalf of the Province.

3. Commitments

As at 31 March 2005, the Corporation has entered into agreements representing commitments of \$1,376,781 (31 March 2004 - \$1,490,030).

**NEWFOUNDLAND AND LABRADOR STUDENT INVESTMENT AND
OPPORTUNITY CORPORATION**
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2005

4. Related party transactions

The Corporation is administered by employees of Executive Council, the Department of Education, the Department of Human Resources, Labour and Employment and the Department of Finance. Programs funded by the Corporation are primarily managed by the Department of Human Resources, Labour and Employment. Costs of administration are paid directly by the departments and are reimbursed by the Corporation.

5. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to fund its approved programs and operating costs, the Corporation's ability to continue is dependent upon the decisions of Government.

6. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

7. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, due from Province – operating grant, accounts payable and due from Province – Special Purpose Fund. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

8. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

Newfoundland Cancer Treatment and
Research Foundation
Financial Statements
March 31, 2005

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees
Eastern Regional Integrated Health Authority

We have audited the statement of financial position of the **Newfoundland Cancer Treatment and Research Foundation** as at March 31, 2005 and the statements of operations, changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of expenditure over revenue, assets and net deficiency.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2005 and the results of its operations and its cash flows, for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 30, 2005

Grant Thornton LLP
Chartered Accountants

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**Newfoundland Cancer Treatment and
Research Foundation
Statement of Operations**

Year Ended March 31	2005	2004
Revenue		
Government of Newfoundland and Labrador	\$13,594,348	\$13,523,972
MCP grant	3,616,968	4,031,313
Fund development program	562,937	482,889
Investment income	135,894	212,590
Clinical trials	233,030	152,643
Third party billings	72,487	136,397
Cancer pathology network	26,962	29,968
Sundry	368,411	285,729
	<u>18,611,037</u>	<u>18,855,501</u>
Expenditure		
Advertising and public relations	17,417	32,368
Bad debts	-	164,042
Books and journals	24,529	22,593
Drugs and medical supplies	6,576,711	5,214,970
Insurance	43,450	27,697
Interest and bank charges	67,237	107,977
Laboratory supplies and other	64,903	57,550
Bi-annual Education Symposium and conferences	50,729	76,012
Membership fees	23,269	24,444
Minor equipment and furniture purchases	21,989	28,606
Peripheral clinics	46,572	52,295
Professional services	466,294	329,600
Professional training	169,649	186,417
Rent (including equipment rental)	21,673	23,069
Repairs and maintenance	810,804	722,265
Salaries and benefits	11,158,579	11,251,930
Search for staff and moving costs	11,168	23,717
Stationery and office supplies	150,438	170,516
Supplies and other	107,393	55,640
Telephone	104,861	109,890
Travel	67,805	102,925
	<u>20,025,470</u>	<u>18,784,523</u>
Excess of (expenditure over revenue)		
revenue over expenditure before undemoted items	<u>(1,414,433)</u>	<u>70,978</u>
Depreciation	927,108	989,453
Loss on disposal of capital assets	18,889	11,757
Amortization of deferred capital contributions		
Government	(581,338)	(611,845)
Other	(187,574)	(162,707)
Patient support programs and research	249,158	240,236
Contribution for computer equipment	29,601	-
Contribution to staff education	10,530	-
Contributions to minor equipment/other	6,204	17,771
Scholarships, bursaries, and grants	11,050	41,488
Increase in severance pay accrual	122,041	85,847
Decrease in vacation accrual	(41,399)	(24,283)
Increase in paid leave accrual	24,224	33,364
Donated art work	(795)	(5,459)
	<u>587,699</u>	<u>615,622</u>
Excess of expenditure over revenue	<u>\$ (2,002,132)</u>	<u>\$ (544,644)</u>

See accompanying notes to the financial statements.

Grant Thornton 

**Newfoundland Cancer Treatment and
Research Foundation**

Statement of Changes in Net Deficiency

Year Ended March 31, 2005

	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Board Fund</u>	<u>Special Projects Fund</u>	<u>Total 2005</u>	<u>Total 2004</u>
Balance, beginning of year	\$ (4,129,488)	\$ 1,543,860	\$ 148,541	\$ (186,797)	<u>\$(2,623,884)</u>	<u>\$(2,079,240)</u>
Excess of expenditure over revenue	<u>(1,967,705)</u>	<u>(176,290)</u>	<u>(60,711)</u>	<u>202,574</u>	<u>(2,002,132)</u>	<u>(544,644)</u>
Balance, end of year	<u>\$ (6,097,193)</u>	<u>\$ 1,367,570</u>	<u>\$ 87,830</u>	<u>\$ 15,777</u>	<u>\$(4,626,016)</u>	<u>\$(2,623,884)</u>

See accompanying notes to the financial statements.

Grant Thornton 

**Newfoundland Cancer Treatment and
Research Foundation
Statement of Financial Position**

March 31

2005

2004

Assets

Current

Cash and cash equivalents	\$ 693,014	\$ 387,907
Temporary investments (Note 3)	2,138,199	1,662,919
Receivables (Note 4)	692,268	911,471
Prepays	<u>6,379</u>	<u>3,919</u>

3,529,860 2,986,216

Investments (Note 3) 172,030 155,000

Capital assets (Note 5) 7,764,320 8,282,355

\$11,466,210 \$11,423,571

Liabilities

Current

Bank indebtedness (Note 6)	\$ 885,592	\$ 862,504
Due to Health Care Corporation of St. John's	6,738,399	4,501,399
Payables and accruals	1,137,996	866,666
Deferred revenue	241,759	67,340
Accrued vacation pay	229,615	271,014
Accrued paid leave	57,588	33,364
Current portion of accrued severance pay	-	47,331
Current portion of long-term debt	<u>35,981</u>	<u>358,097</u>
	9,326,930	7,007,715

Accrued severance pay 989,550 820,178

Long-term debt (Note 7) - 642,881

Deferred capital contributions (Note 8) 5,775,746 5,576,681

16,092,226 14,047,455

Net Deficiency

Operating fund (6,097,193) (4,129,488)

Capital fund 1,367,570 1,543,860

Board fund

Restricted 181,102 157,126

Unrestricted (93,272) (8,585)

Special Projects fund 15,777 (186,797)

(4,626,016) (2,623,884)

\$11,466,210 \$11,423,571

Contingency (Note 10)

Commitments (Note 11)

On Behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Grant Thornton

**Newfoundland Cancer Treatment and
Research Foundation
Statement of Cash Flows**

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating		
Excess of expenditure over revenue	\$ (2,002,132)	\$ (544,644)
Add (deduct) items not requiring a cash outlay:		
Depreciation	927,108	989,453
Loss on disposal of capital assets	18,889	11,757
Amortization of deferred capital contributions	(768,912)	(774,552)
Investment income	67,978	88,192
Increase in severance pay accrual	122,041	85,847
Decrease in vacation pay accrual	(41,399)	(24,283)
Increase in paid leave accrual	24,224	33,364
Donated artwork	(795)	(5,459)
	<u>(1,652,998)</u>	<u>(140,325)</u>
Change in non-cash operating working capital (Note 9)	<u>2,899,492</u>	<u>(289,183)</u>
	<u>1,246,494</u>	<u>(429,508)</u>
Financing		
Increase in bank borrowings	23,088	339,224
Repayment of long-term debt	<u>(964,997)</u>	<u>(334,354)</u>
	<u>(941,909)</u>	<u>4,870</u>
Investing		
(Increase) decrease in temporary investments	(540,292)	55,604
Purchase of capital assets	<u>(427,163)</u>	<u>(1,016,952)</u>
Capital asset contributions	967,977	1,235,689
Advances to Central West Health Corporation	-	<u>(390,000)</u>
	<u>522</u>	<u>(115,659)</u>
Net increase (decrease) in cash and cash equivalents	305,107	(540,297)
Cash and cash equivalents		
Beginning of year	<u>387,907</u>	<u>928,204</u>
End of year	<u>\$ 693,014</u>	<u>\$ 387,907</u>

See accompanying notes to the financial statements.

Grant Thornton 

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2005

1. Nature of operations

The Newfoundland Cancer Treatment and Research Foundation (the Foundation) was established in 1971 by an Act of the Provincial House of Assembly with a mandate to establish and co-ordinate a cancer control program in Newfoundland and Labrador. Through judicious employment of its resources and collaboration with institutions and community resources, the mission of the Foundation is to serve people of the province by providing excellent and comprehensive cancer treatment, prevention, screening and supportive programs; actively participating in the education of health care professionals and providers; continuing and fostering research of high quality; and, operating effective cancer registries.

The Foundation is a public organization and is exempt from income tax and may issue tax-deductible receipts to donors.

2. Summary of significant accounting policies

The accounting policies of the Foundation are in accordance with accounting principles generally accepted in Canada.

Outlined below are those policies considered particularly significant to the Foundation.

Basis of presentation

These financial statements include the accounts of the Operating, Capital, Board and Special Projects Funds of the Foundation.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Temporary investments

Temporary investments are recorded at cost unless there is a loss in value other than a temporary decline.

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd.)

Capital assets

Capital assets purchased by the Foundation are recorded at cost and those donated to the Foundation are recorded at their estimated fair market value at the date of acquisition. Capital assets are amortized on a straight-line basis as follows:

Building	30 years
Biomedical and other equipment	15 years
Computer equipment	5 years
Office furniture and fixtures	10 years

Donated artwork is recorded at estimated fair market value and is not amortized.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Funds

Funds are classified as follows:

Operating fund - funds available for general purposes from the Government of Newfoundland and Labrador.

Capital fund - fund representing balance of net capital assets held by the Foundation and deferred capital contributions.

Board fund - fund is to be used for the purchase of capital assets, provision of patient support, education, and research programs, and expenditures not funded by government.

Special projects fund - fund is exclusive of board and operating funds and is managed by the Foundation for interested parties.

Severance pay

Severance pay is accounted for on the accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd.)

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on straight-line basis using the same rates as depreciation related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Clinical trials revenue is recognized in the period in which it is earned based on the terms of the individual contracts.

Third party billings revenue is recognized as revenue as services are rendered.

Budget funding

The Foundation is reimbursed by the Department of Health and Community Services for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

3. Temporary investments	2005	2004
Corporate bonds	\$ 762,760	\$ 641,799
Certificates of deposit	600,863	483,146
Government of Canada bonds	578,423	348,580
Guaranteed investment certificate	213,000	210,013
Provincial bonds	<u>155,183</u>	<u>154,381</u>
	2,310,229	\$ 1,837,919
Less: Long-term restricted investments - Dr. Kim Hong Endowment Fund	<u>(172,030)</u>	<u>(155,000)</u>
	<u>\$ 2,138,199</u>	<u>\$ 1,682,919</u>

Grant Thornton 

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2005

3. Temporary investments (cont'd.)

Market yields on the corporate bonds range from 4.00% to 6.30%; maturity dates range from May 1, 2006 to July 22, 2013.

Market yields on certificates of deposit range from 5.25% to 6.55%; maturity dates range from June 2, 2005 to August 24, 2006.

Market yields on Government of Canada bonds range from 4.20% to 5.25%; maturity dates range from May 26, 2005 to April 15, 2019.

The guaranteed investment certificate is held with Canadian Imperial Bank of Commerce and yields interest at 1.95%, and matures on May 30, 2005.

Market yields on provincial bonds range from 5.00% to 5.34%; maturity dates range from February 1, 2006 to September 15, 2016.

4. Receivables	2005	2004
Due from Government of Newfoundland and Labrador		
Operating	\$ 70,836	\$ 5,335
Newfoundland Medical Commission (MCP)	198,848	773,146
Canadian Institutes of Health Research	84,890	155,279
Clinical trials	90,335	57,332
Other	247,359	236,304
	692,268	1,227,396
Less: allowance for doubtful accounts	-	315,925
	\$ 692,268	\$ 911,471

Receivables include \$9,069 (2004: \$2,014) of accrued interest on investments restricted under the Dr. Kim Hong Endowment Fund.

5. Capital assets		2005	2004
	Cost	Accumulated Depreciation	Net Book Value
Building	\$ 3,396,784	\$ 1,056,108	\$ 2,340,676
Biomedical and other equipment	9,463,274	4,377,514	5,085,760
Computer equipment	1,588,366	1,335,771	252,595
Office furniture and fixtures	554,305	510,833	43,472
Donated artwork	41,817	-	41,817
	\$15,044,546	\$ 7,280,226	\$ 7,764,320
			\$ 8,282,355

Grant Thornton

Newfoundland Cancer Treatment and Research Foundation

Notes to the Financial Statements

March 31, 2005

6. Bank indebtedness

The Foundation has an unsecured line of credit of \$1,000,000 (2003 - \$1,000,000) of which \$885,592 (2003 - \$862,504) had been used as at March 31, 2005. The line of credit bears interest at the prime lending rate.

7. Long-term debt	2005	2004
Demand promissory note, bearing interest at prime plus 2.88% per annum, repayable in 120 equal blended instalments of \$34,651, maturing May 2005.	\$ 35,981	\$ 1,000,979
Less: current portion	<u>35,981</u>	<u>358,098</u>
	<u>\$ -</u>	<u>\$ 642,881</u>

8. Deferred capital contributions	2005	2004
Balance, beginning of year	\$ 5,576,681	\$ 5,505,544
Add (Deduct):		
Funds allocated to Central West Health Corporation	-	(390,000)
Give to Feel Good Campaign	353,980	400,000
Provincial grant	427,500	724,500
Fund development program	84,683	22,927
Memorial University of Newfoundland	-	86,262
Funds allocated from Central Region	68,744	-
Information management fund	28,496	-
Lawson Foundation Project	4,574	-
Seamless Care Program	-	2,000
Amounts amortized to revenue	<u>(768,912)</u>	<u>(774,552)</u>
Balance, end of year	<u>\$ 5,775,746</u>	<u>\$ 5,576,681</u>

Deferred capital contributions include the unamortized portions of contributed capital assets and restricted contributions.

9. Supplemental cash flow information	2005	2004
Change in non-cash operating working capital		
Receivables	\$ 219,203	\$ 150,342
Prepays	(2,460)	112
Due to Health Care Corporation of St. John's	2,237,000	639,059
Payables and accruals	271,330	(1,127,444)
Deferred revenue	<u>174,419</u>	<u>48,748</u>
	<u>\$ 2,899,492</u>	<u>\$ (289,183)</u>

Grant Thornton

Newfoundland Cancer Treatment and Research Foundation Notes to the Financial Statements

March 31, 2005

10. Contingency

A claim has been filed against the Foundation by a former employee. No provision has been recorded in the accounts for this claim, as an estimate of loss, if any, is not determinable at this time.

11. Commitments

The Foundation is committed under long-term operating leases for computer and other equipment to make annual lease payments as follows:

2006	\$ 21,500
2007	10,720
2008	<u>5,360</u>
	<u>\$ 37,580</u>

The Foundation has entered into a commitment with a supplier for the purchase of a HDR system over the next year for \$353,960.

12. Other Item

During the year, the fund development program of the Foundation was segregated into a new separate legal entity named the Dr. H. Bliss Murphy Cancer Care Foundation.

13. Financial instruments

The Foundation's primary financial instruments recognized in the balance sheet consist of temporary investments, accounts receivable, current liabilities, accrued severance pay, and long-term debt. The carrying value of the primary financial instruments of the Foundation approximate fair value due to the normal trade credit terms and conditions of those instruments.

14. Subsequent event

Effective April 1, 2005 the Foundation's operations were incorporated under the authority of the Eastern Regional Integrated Health Authority.

Newfoundland Cancer Treatment and
Research Foundation
Operating and Capital Fund
Financial Statements
March 31, 2005

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees
Eastern Regional Integrated Health Authority

We have audited the statement of financial position of the **Newfoundland Cancer Treatment and Research Foundation - Operating and Capital Fund** as at March 31, 2005 and the statements of operations, changes in net deficiency and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation's Operating and Capital Fund as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 30, 2005

Grant Thornton LLP
Chartered Accountants

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**Newfoundland Cancer Treatment and
Research Foundation
Operating and Capital Fund
Statement of Operations**

Year Ended March 31	2005	2004
Revenue		
Government of Newfoundland and Labrador	\$13,594,348	\$ 13,523,972
MCP grant	3,616,968	4,031,313
Third party billings	72,487	136,397
Sundry	<u>392,331</u>	<u>248,194</u>
	<u>17,676,134</u>	<u>17,939,876</u>
Expenditure		
Advertising and public relations	8,403	9,769
Bad debts	-	164,042
Bank charges	14,298	26,215
Books and journals	22,761	22,292
Drugs and medical supplies	6,574,956	5,213,802
Insurance	43,450	27,697
Laboratory supplies and other	64,903	57,550
Meetings and conferences	44,388	48,575
Membership fees	12,273	14,024
Minor equipment and furniture purchases	21,989	25,173
Peripheral clinics	46,572	52,295
Professional services	324,206	264,322
Professional training	169,649	186,417
Rent (including equipment rentals)	21,673	23,069
Repairs and maintenance	809,545	715,017
Salaries and benefits	10,735,720	10,834,994
Search for staff and moving costs	11,168	23,717
Stationery and office supplies	102,728	108,280
Telephone	102,129	105,563
Travel	<u>53,364</u>	<u>84,825</u>
	<u>19,184,177</u>	<u>18,007,638</u>
Excess of expenditure over revenue before undemoted items	<u>(1,508,043)</u>	<u>(67,762)</u>
Depreciation	927,108	989,453
Loss on disposal of capital assets	18,889	11,757
Amortization of deferred capital contributions		
Government	(581,338)	(611,845)
Other	(187,574)	(162,707)
Contributions to special projects fund	66,836	-
Transfer to fund development fund	287,960	-
Increase in severance pay accrual	122,041	85,847
Decrease in vacation pay accrual	(41,399)	(24,283)
Increase in paid leave accrual	24,224	33,364
Donated art work	<u>(795)</u>	<u>(5,459)</u>
	<u>635,952</u>	<u>316,127</u>
Excess of expenditure over revenue	<u>\$ (2,143,995)</u>	<u>\$ (383,889)</u>

See accompanying notes to the financial statements.

Grant Thornton 

**Newfoundland Cancer Treatment and
Research Foundation
Operating and Capital Fund
Statement of Changes in Net Deficiency**

Year Ended March 31	2005		2004	
	<u>Operating Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ (4,129,488)	\$ 1,543,860	<u>\$ (2,585,628)</u>	\$ (2,201,739)
Excess of expenditure over revenue	<u>\$ (1,967,705)</u>	<u>(176,290)</u>	<u>(2,143,995)</u>	<u>(383,889)</u>
Balance, end of year	<u>\$ (6,097,193)</u>	<u>\$ 1,367,570</u>	<u>\$ (4,729,623)</u>	<u>\$ (2,585,628)</u>

See accompanying notes to the financial statements.

**Newfoundland Cancer Treatment and
Research Foundation
Operating and Capital Fund
Statement of Financial Position**

March 31 2005 2004

Assets

Current

Cash and cash equivalents	\$ 693,014	\$ 387,907
Temporary investments (Note 3)	2,138,199	1,682,808
Receivables (Note 4)	683,199	909,457
Prepays	6,379	3,919
Due from other funds	<u>38,431</u>	<u>145,382</u>

3,559,222 3,129,473

Capital assets (Note 5) 7,764,320 8,282,355

\$11,323,542 \$11,411,828

Liabilities

Current

Bank indebtedness (Note 6)	\$ 885,592	\$ 862,504
Due to Health Care Corporation of St. John's	6,738,399	4,501,399
Payables and accruals	1,137,995	866,666
Deferred revenue	202,696	17,340
Accrued vacation pay	229,615	271,014
Accrued paid leave	57,588	33,364
Current portion of accrued severance pay	-	47,331
Current portion of long-term debt	<u>35,981</u>	<u>358,098</u>

9,287,866 6,957,716

Accrued severance pay 989,553 820,178

Long-term debt (Note 7) - 642,881

Deferred capital contributions (Note 8) 5,775,746 5,576,681

16,053,165 13,997,456

Net Assets (Deficiency)

Operating fund (6,097,193) (4,129,488)

Capital fund 1,367,570 1,543,860

(4,729,623) (2,585,628)

\$11,323,542 \$11,411,828

Contingency (Note 10)

Commitments (Note 11)

On Behalf of the Foundation

Director

Director

See accompanying notes to the financial statements.

Grant Thornton

**Newfoundland Cancer Treatment and
Research Foundation
Operating and Capital Fund
Statement of Cash Flows**

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating		
Excess of expenditure over revenue	\$ (2,143,995)	\$ (383,889)
Add (deduct) items not requiring a cash outlay		
Depreciation	927,108	989,453
Loss on disposal of capital assets	18,889	11,757
Amortization of deferred capital contributions	(768,912)	(774,552)
Increase in severance pay accrual	122,041	85,847
Decrease in vacation pay accrual	(41,399)	(24,283)
Increase in paid leave accrual	24,224	33,364
Donated artwork	(795)	(5,459)
	(1,862,839)	(67,762)
Change in non-cash operating working capital (Note 9)	3,024,434	(476,636)
	1,161,595	(544,398)
Financing		
Increase in bank borrowings	23,088	339,224
Repayment of long-term debt	(964,998)	(334,354)
	(941,910)	4,870
Investing		
(Increase) decrease in temporary investments	(455,391)	170,494
Purchase of capital assets	(427,164)	(1,016,952)
Capital asset contributions	967,977	1,235,689
Advances to Central West Health Corporation	-	(390,000)
	85,422	(769)
Net increase (decrease) in cash and cash equivalents	305,107	(540,297)
Cash and cash equivalents		
Beginning of year	387,907	928,204
End of year	\$ 693,014	\$ 387,907

See accompanying notes to the financial statements.

Grant Thornton

Newfoundland Cancer Treatment and Research Foundation Operating and Capital Fund Notes to the Financial Statements

March 31, 2005

1. Nature of operations

The Newfoundland Cancer Treatment and Research Foundation (the Foundation) was established in 1971 by an Act of the Provincial House of Assembly with a mandate to establish and co-ordinate a cancer control program in Newfoundland and Labrador. Through judicious employment of its resources and collaboration with institutions and community resources, the mission of the Foundation is to serve people of the province by providing excellent and comprehensive cancer treatment; prevention, screening and supportive programs; actively participating in the education of health care professionals and providers; continuing and fostering research of high quality; and operating effective cancer registries.

The Foundation is a public organization and is exempt from income tax and may issue tax-deductible receipts to donors.

2. Summary of significant accounting policies

The accounting policies of the Foundation are in accordance with accounting principles generally accepted in Canada.

Outlined below are those policies considered particularly significant to the Foundation.

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

Temporary investments

Temporary investments are recorded at cost unless there is a loss in value other than a temporary decline.

Capital assets

Capital assets purchased by the Foundation are recorded at cost and those donated to the Foundation are recorded at their estimated fair market value at the date of acquisition. Capital assets are amortized on a straight-line basis as follows:

Building	30 years
Biomedical and other equipment	15 years
Computer equipment	5 years
Office furniture and fixtures	10 years

Donated artwork is recorded at estimated fair market value and is not amortized.

Grant Thornton 

**Newfoundland Cancer Treatment and
Research Foundation
Operating and Capital Fund
Notes to the Financial Statements**

March 31, 2005

2. Summary of significant accounting policies (cont'd.)

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Severance pay

Severance pay is accounted for on the accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Foundation.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on straight-line basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions for non-depreciable capital assets are recorded as direct increases in net assets.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred revenue.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

Clinical trials revenue is recognized in the period in which it is earned based on the terms of the individual contracts.

Third party billings revenue is recognized as revenue as services are rendered.

Budget funding

The Foundation is reimbursed by the Department of Health and Community Services for the total of its operating costs, after deduction of specified revenue and expenditure, to the extent of the approved budget.

Grant Thornton 

Newfoundland Cancer Treatment and Research Foundation Operating and Capital Fund Notes to the Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd.)

Pension costs

Employees of the Foundation are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Foundation. The annual contributions for pensions are recognized in the accounts on a current basis.

3. Temporary investments	2005	2004
Corporate bonds	\$ 630,730	\$ 516,832
Certificates of deposit	570,863	483,146
Government of Canada bonds	568,423	318,436
Guaranteed investment certificates	213,000	210,013
Provincial bonds	155,183	154,381
	<u>\$ 2,138,199</u>	<u>\$ 1,682,808</u>

Market yields on the corporate bonds range from 4.00% to 6.30%; maturity dates range from May 1, 2006 to July 22, 2013.

Market yields on certificates of deposit range from 5.25% to 6.55%; maturity dates range from June 2, 2005 to August 24, 2006.

Market yields on Government of Canada bonds range from 4.20% to 5.25%; maturing dates range from May 26, 2005 to April 15, 2019.

The guaranteed investment certificate is held with Canadian Imperial Bank of Commerce and yields interest at 1.95%, and matures on May 30, 2005.

Market yields on provincial bonds range from 5.00% to 5.34%; maturity dates range from February 1, 2006 to September 15, 2016.

4. Receivables	2005	2004
Due from Government of Newfoundland and Labrador		
Operating	\$ 70,836	\$ 5,335
Newfoundland Medicare Commission (MCP)	198,848	773,146
Canadian Institute for Health Research	84,890	155,279
Clinical trials	90,335	57,332
Other	238,290	234,290
	<u>683,199</u>	<u>1,225,382</u>
Less: allowance for doubtful accounts	-	315,925
	<u>\$ 683,199</u>	<u>\$ 909,457</u>

Grant Thornton

**Newfoundland Cancer Treatment and
Research Foundation
Operating and Capital Fund
Notes to the Financial Statements**

March 31, 2005

5. Capital assets		<u>2005</u>		<u>2004</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ 3,396,784	\$1,056,108	\$ 2,340,676	\$ 2,453,789
Biomedical and other equipment	9,463,274	4,377,514	5,085,760	5,398,554
Computer equipment	1,588,366	1,335,771	252,595	317,241
Office furniture and fixtures	554,305	510,833	43,472	71,749
Donated artwork	41,817	-	41,817	41,022
	<u>\$15,044,546</u>	<u>\$ 7,280,226</u>	<u>\$ 7,764,320</u>	<u>\$ 8,282,355</u>

6. Bank indebtedness

The Foundation has an unsecured operating line of credit of \$1,000,000 (2004 - \$1,000,000) of which \$885,592 (2004 - \$862,504) had been used as at March 31, 2005. The line of credit bears interest at the prime lending rate.

7. Long term debt		<u>2005</u>	<u>2004</u>
Demand promissory note, bearing interest at prime plus 2.88% per annum, repayable in 120 equal blended instalments of \$34,651, maturing May 2005.		\$ 35,981	\$ 1,000,979
Less: current portion		<u>35,981</u>	<u>358,096</u>
		<u>\$ -</u>	<u>\$ 642,881</u>

**Newfoundland Cancer Treatment and
Research Foundation
Operating and Capital Fund
Notes to the Financial Statements**

March 31, 2005

8. Deferred capital contributions	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 5,576,681	\$ 5,505,544
Add (Deduct):		
Funds allocated to Central West Health Corporation	-	(390,000)
Give to Feel Good Campaign	353,980	400,000
Provincial grant	427,500	724,500
Fund development program	84,683	22,927
Memorial University of Newfoundland	-	86,262
Funds allocated from Central Region	68,744	-
Information Management and Technology Fund	28,496	-
Lawson Foundation Project	4,574	-
Seamless Care Program	-	2,000
Amounts amortized to revenue	<u>(768,912)</u>	<u>(774,552)</u>
Balance, end of year	<u>\$ 5,775,746</u>	<u>\$ 5,576,681</u>

Deferred capital contributions include the unamortized portions of contributed capital assets and restricted contributions.

9. Supplemental cash flow information	<u>2005</u>	<u>2004</u>
Change in non-cash operating working capital		
Receivables	\$ 226,258	\$ 138,163
Prepays	(2,460)	113
Due to Health Care Corporation of St. John's	2,237,000	639,059
Payables and accruals	271,329	(1,127,444)
Deferred revenue	185,356	(1,252)
Due to other funds	<u>106,951</u>	<u>(125,275)</u>
	<u>\$ 3,024,434</u>	<u>\$ (476,636)</u>

10. Contingency

A claim has been filed against the Foundation by a former employee. No provision has been recorded in the accounts for this claim, as an estimate of loss, if any, is not determinable at this time.

**Newfoundland Cancer Treatment and
Research Foundation
Operating and Capital Fund
Notes to the Financial Statements**

March 31, 2005

11. Commitments

The Foundation is committed under long-term operating leases for computer and other equipment to make annual lease payments as follows:

2006	\$ 21,500
2007	10,720
2008	<u>5,360</u>
	<u>\$ 37,580</u>

The Foundation has entered into a commitment with a supplier for the purchase of a HDR system over the next year for \$353,980.

12. Financial instruments

The Foundation's primary financial instruments recognized in the balance sheet consist of temporary investments, accounts receivable, current liabilities, accrued severance pay, and long-term debt. The carrying value of the primary financial instruments of the Foundation approximate fair value due to the normal trade credit terms and conditions of those instruments.

13. Subsequent event

Effective April 1, 2005 the Foundation's operations were incorporated under the authority of the Eastern Regional Integrated Health Authority.

NEWFOUNDLAND HARDWOODS LIMITED

Auditor's Report

Financial Statements

Year ended March 31, 2005

AUDITOR'S REPORT

To the Shareholders of Newfoundland Hardwoods Limited:

I have audited the balance sheet of Newfoundland Hardwoods Limited as at March 31, 2005 and the statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2005 and the results of its operations and the cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

CHARTERED ACCOUNTANT

Clarenville, Newfoundland
July 07, 2005

March 31, 2005

2004

131.087

1,500

1,500

100

100

44

100

25,300

104,287

129.587

131,087

Director

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Income and Retained Earnings

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Revenue - interest	\$ --	--
Administrative expenses:		
Fees	300	--
Professional and consulting fees	<u>1,800</u>	<u>1,775</u>
	<u>2,100</u>	<u>1,775</u>
Net loss	(2,100)	(1,775)
Retained earnings, beginning of year	<u>104,287</u>	<u>106,062</u>
Retained earnings, end of year	<u>\$ 102,187</u>	<u>104,287</u>

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Statement of Cash Flows

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
Cash provided by operating activities:		
Net loss	<u>\$ (2,100)</u>	<u>(1,775)</u>
Decrease in cash	(2,100)	(1,775)
Cash, beginning of year	<u>131,087</u>	<u>132,862</u>
Cash, end of year	<u>\$ 128,987</u>	<u>131,087</u>

See Accompanying Notes

NEWFOUNDLAND HARDWOODS LIMITED

Notes to the Financial Statements

March 31, 2005

1. Divestiture:

During the 1996 fiscal year the company sold the property and equipment and inventory relating to its wood preservation and asphalt manufacturing operations. The Company has consequently ceased commercial operations.

2. Contingent losses:

Environmental concerns:

The Government of Newfoundland and Labrador, through an environmental indemnity, has released the current owner of any and all present and future liabilities which may result from the presence, release, loss, discharge, leakage or spillage of hazardous material on, at or from the properties formerly owned and operated by Newfoundland Hardwoods Limited up to the date of the said agreements.

3. Commitments:

The company had committed to the dismantling and removal of five surplus storage tanks from the present location. As of the balance sheet date, four of these tanks have been removed and the costs of such have been reflected in these financial statements.

Newfoundland Ocean Enterprises Limited
Consolidated Financial Statements
March 31, 2005

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Shareholders of
Newfoundland Ocean Enterprises Limited

We have audited the consolidated balance sheet of **Newfoundland Ocean Enterprises Limited** at March 31, 2005 and the consolidated statements of earnings and deficit and cash flows for the year then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 30, 2005

Grant Thornton LLP
Chartered Accountants

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Member firm of Grant Thornton International

Newfoundland Ocean Enterprises Limited
Consolidated Statements of Earnings and Deficit

Year Ended March 31	2005	2004
Revenue		
Recoveries and sundry	\$ 328,450	\$ 29,075
Expenses		
Interest	32,230	254,555
Other costs	6,355	13,885
	<u>38,585</u>	<u>268,440</u>
Net earnings (loss)	\$ 289,865	\$ (239,365)
Deficit, beginning of year	\$ (91,039,110)	\$ (90,799,745)
Net earnings (loss)	<u>289,865</u>	<u>(239,365)</u>
Deficit, end of year	\$ (90,749,245)	\$ (91,039,110)

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Newfoundland Ocean Enterprises Limited **Consolidated Balance Sheet**

March 31

2005

2004

Assets

Current

Cash

\$ 67,730 \$ 154,695

Receivables

- 65

\$ 67,730 \$ 154,760

Liabilities

Current

Bank indebtedness (Note 3)

\$ 13,975 \$ 5,450,000

Payables and accruals

340,870

13,975 5,790,870

Shareholders' Equity (Deficiency)

Capital stock (Note 4)

3,000 3,000

Contributed surplus (Note 5)

90,800,000 85,400,000

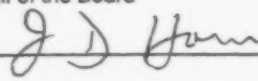
Deficit

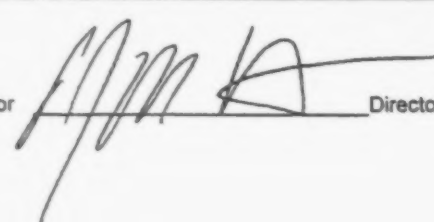
(90,749,245) (91,039,110)

53,755 (5,636,110)

\$ 67,730 \$ 154,760

On behalf of the Board

 Director

 Director

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Newfoundland Ocean Enterprises Limited **Consolidated Statement of Cash Flows**

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating activities		
Net earnings (loss)	\$ 289,865	\$ (239,365)
Change in non-cash operating working capital	<u>(326,830)</u>	<u>16,580</u>
	<u>(36,965)</u>	<u>(222,785)</u>
Financing activities		
(Repayment of) proceeds from bank borrowings	(5,450,000)	200,000
Contributed surplus	<u>5,400,000</u>	<u>-</u>
	<u>(50,000)</u>	<u>200,000</u>
Net decrease in cash and cash equivalents	(86,965)	(22,785)
Cash and cash equivalents		
Beginning of year	<u>154,695</u>	<u>177,480</u>
End of year	<u>\$ 67,730</u>	<u>\$ 154,695</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

Newfoundland Ocean Enterprises Limited

Notes to the Consolidated Financial Statements

March 31, 2005

1. Operations

The Company ceased active operations on January 1, 1998.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Significant accounting policies are set out below.

Principles of consolidation

The consolidated financial statements include the accounts of Newfoundland Ocean Enterprises Limited, its wholly owned subsidiaries Marystown Shipyard Limited and Vinland Industries Limited, and Vinland Industries, a Limited Partnership.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, net of any overdrafts. Bank borrowings are considered to be financing activities.

3. Bank indebtedness

The Company repaid an operating line of credit during the year, using funds advanced by the Government of Newfoundland and Labrador under its guarantee of the Company's operating line of credit.

4. Capital stock	<u>2005</u>	<u>2004</u>
------------------	-------------	-------------

Authorized

An unlimited number of common shares of no par value

Issued

3 shares	\$ <u>3,000</u>	\$ <u>3,000</u>
----------	-----------------	-----------------

Grant Thornton 

Newfoundland Ocean Enterprises Limited
Notes to the Consolidated Financial Statements

March 31, 2005

5. Contributed surplus

During the year, the Government of Newfoundland and Labrador advanced to the Company funds, in the amount of \$5,400,000, to retire the operating loan.

During prior years, the Government of Newfoundland and Labrador advanced the Company funds, in the amount of \$85,400,000, to retire the bankers' acceptances and certain other debt.

6. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

NEWVEST REALTY CORPORATION

FINANCIAL STATEMENTS

31 DECEMBER 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

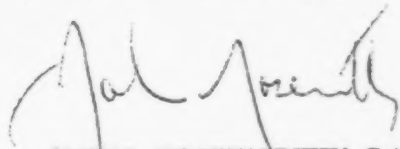
AUDITOR'S REPORT

To the Shareholder
Newvest Realty Corporation

I have audited the balance sheet of Newvest Realty Corporation as at 31 December 2004 and the statements of income and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all materials respects, the financial position of the Corporation as at 31 December 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
25 February 2005

NEWVEST REALTY CORPORATION
BALANCE SHEET
31 December

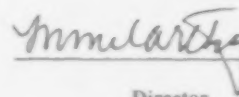
	2004	2003
	(000's)	(000's)
ASSETS		
Income producing properties (Note 2)	\$ 125,639	\$ 95,515
Deferred charges (Note 3)	1,789	1,126
Prepaid expenses	94	51
Accounts receivable	126	114
Cash and short-term investments	2,905	1,808
	<u>\$ 130,553</u>	<u>\$ 98,614</u>
LIABILITIES AND EQUITY		
Mortgages payable (Note 4)	\$ 63,121	\$ 45,770
Accounts payable and accrued liabilities	1,614	1,308
Dividends payable (Note 5)	1,500	791
	<u>66,235</u>	<u>47,869</u>
Shareholder's equity		
Share capital (Note 5)	60,405	48,405
Retained earnings	3,913	2,340
	<u>64,318</u>	<u>50,745</u>
	<u>\$ 130,553</u>	<u>\$ 98,614</u>
Equity per share (Note 5)	<u>\$ 10.65</u>	<u>\$ 10.48</u>

See accompanying notes

Signed on behalf of the Board:



Chairperson



Director

NEWVEST REALTY CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
For the Year Ended 31 December

	2004	2003
	(000's)	(000's)
Income		
Rents and parking	\$ 10,459	\$ 7,259
Expense recoveries	2,741	1,676
Investment and other income	33	24
	<u>13,233</u>	<u>8,959</u>
Less: Operating expenses	<u>5,424</u>	<u>4,171</u>
Operating income	<u>7,809</u>	<u>4,788</u>
Other expenses		
Administrative costs	55	100
Amortization of deferred charges	365	73
Asset management fees	345	214
Mortgage interest	<u>3,071</u>	<u>1,802</u>
	<u>3,836</u>	<u>2,189</u>
Net income for the year	<u>3,973</u>	<u>2,599</u>
Retained earnings, beginning of year	<u>2,340</u>	<u>41</u>
Dividends (Note 5)	<u>(2,400)</u>	<u>(300)</u>
Retained earnings, end of year	<u>\$ 3,913</u>	<u>\$ 2,340</u>

See accompanying notes

NEWVEST REALTY CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended 31 December

	2004	2003
	(000's)	(000's)
Cash flows from operating activities		
Net income for the year	\$ 3,973	\$ 2,599
Items not affecting cash		
Amortization of deferred charges	365	73
Changes in non-cash working capital		
Accounts receivable	(12)	(66)
Prepaid expenses	(43)	(29)
Accounts payable and accrued liabilities	306	671
	<u>4,589</u>	<u>3,248</u>
Cash flows from investing activities		
Additions to income producing properties	<u>(30,124)</u>	<u>(58,660)</u>
Cash flows from financing activities		
Deferred charges	(1,028)	366
Mortgage advances	18,500	41,582
Mortgage principal repayments	(1,149)	(7,597)
Dividends	(1,691)	(1)
Issuance of common shares (Note 5)	12,000	22,500
	<u>26,632</u>	<u>56,850</u>
Increase in cash and short-term investments during the year	1,097	1,438
Cash and short-term investments, beginning of year	1,808	370
Cash and short-term investments, end of year	\$ 2,905	\$ 1,808

See accompanying notes

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2004

Authority

Newvest Realty Corporation was incorporated on 9 August 2001 under the provisions of the *Canada Business Corporations Act*. It is also registered under the *Corporations Act* of the Province of Newfoundland and Labrador. The Corporation has its headquarters in Toronto, Ontario. All shares of the Corporation are held by the Province of Newfoundland and Labrador Pooled Pension Fund (the Fund). Board members are appointed by the Pension Investment Committee of the Fund. The purpose of the Corporation is to invest monies received from the Fund in Canadian real estate property.

The Corporation has an Investment Services Agreement with Bentall Investment Management Limited Partnership dated 30 June 2001, under which Bentall Investment Management Limited Partnership and a related entity are responsible for the acquisition, disposal, leasing and management of real estate properties and performance of all administrative functions on behalf of the Corporation.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

- (a) Cash and short-term investments represent unrestricted cash and highly liquid money-market investments.
- (b) Income producing properties held for investment are recorded at cost. Amortization is not recorded on properties as it is not considered meaningful when the objective of the business is to acquire, develop and hold property for eventual sale. The Corporation capitalizes all direct costs relating to the acquisition of all properties. Leasing costs are capitalized and amortized on a straight-line basis over the term of the respective lease.
- (c) The Corporation accounts for its investments in co-ownerships on a proportionate consolidation basis whereby the Corporation includes its pro-rata share of the assets, liabilities, revenue and expenses of the co-ownerships on a line-by-line basis.
- (d) The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires that management make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing these financial statements are reasonable and prudent; however, actual results may differ from these estimates.
- (e) The Corporation defers and amortizes financing costs over the term of the related mortgages.

2. Income producing properties

For investment information purposes all properties are presented below at both cost and appraised values. Appraised values are in accordance with the Corporation's appraisal policy which requires that properties be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals are completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle are appraised by Bentall Investment Management Limited Partnership.

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2004

2. Income producing properties (cont.)

	2004		2003	
	Cost (000's)	Appraised Value (000's)	Cost (000's)	Appraised Value (000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia	\$ 9,494	\$ 10,150	\$ 9,451	\$ 9,800
(b) Sperling Plaza, Burnaby, British Columbia	16,148	16,300	16,070	15,700
(c) 440 Eglinton Avenue East, Toronto, Ontario	12,407	9,900	12,212	11,000
(d) 2 Silver Maple Court, Brampton, Ontario	22,233	21,760	22,039	22,039
(e) Park and Tilford Shopping Centre, North Vancouver, British Columbia	36,142	38,100	35,743	35,755
(f) TD Creekside Corporate Centre (50% interest), Mississauga, Ontario	29,215	29,215	-	-
	\$ 125,639	\$ 125,425	\$ 95,515	\$ 94,294

3. Deferred charges

	2004 (000's)	2003 (000's)
(a) Deferred financing costs, net of accumulated amortization of \$170,435, amortized over the term of the mortgage.		
Bayview Chateau and White Rock Gardens	\$ 37	\$ 53
440 Eglinton Avenue East	127	142
2 Silver Maple Court	371	418
Park and Tilford Shopping Centre	44	52
	579	665
(b) Deferred recoverable expenditures, net of accumulated amortization of \$19,587, amortized over a 3 year recoverable period commencing August 2003	31	18
(c) Pre-acquisition costs	282	-
(d) Deferred lease revenue	102	-
(e) Deferred leasing costs, less accumulated amortization of \$263,424	795	443
	\$ 1,789	\$ 1,126

4. Mortgages payable

Mortgages payable represent financing obtained by the Corporation for the acquisition of income producing properties. For investment information purposes, principal values and appreciated values are shown. Details are as follows:

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2004

4. Mortgages payable (cont.)

	2004		2003	
	Principal Value	Appreciated Value	Principal Value	Appreciated Value
	(000's)	(000's)	(000's)	(000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia. Mortgage, held by The Manufacturers Life Insurance Company, repayable in monthly installments of \$32,152, including interest calculated at a rate of 6.5% per annum, maturing 1 May 2007, secured by a freehold first mortgage registered against title to the property, a general security agreement, and a first general assignment of rents.	\$ 4,582	\$ 4,803	\$ 4,671	\$ 4,919
(b) 440 Eglinton Avenue East, Toronto, Ontario. Mortgage, held by TD Canada Trust, repayable in monthly installments of \$42,092, including interest calculated at a rate of 5.663% per annum, maturing 1 April 2013.	6,573	7,004	6,706	6,882
(c) 2 Silver Maple Court, Brampton, Ontario. Mortgage, held by The Great West Life Assurance Company, repayable in monthly installments of \$90,207, including interest calculated at a rate of 5.68% per annum, maturing 1 February 2013.	12,311	13,077	12,691	12,691
(d) Park and Tilford Shopping Centre, North Vancouver, British Columbia. Mortgage, held by The Great West Life Assurance Company, repayable in monthly installments of \$137,927, including interest calculated at a rate of 5.88% per annum, maturing 1 September 2010.	21,297	22,027	21,702	21,702
(e) TD Creekside Corporate Centre, Mississauga Ontario. Mortgage (50% interest), held by Metropolitan Life Insurance Company, repayable in monthly installments of \$115,194, including interest calculated at a rate of 5.71% per annum, maturing 1 July 2014.	18,358	18,358	-	-
	\$ 63,121	\$ 65,269	\$ 45,770	\$ 46,194

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2004

4. Mortgages payable (cont.)

Annual principal repayments totaling \$8.0 million (2003 - \$9.8 million) to be made during the next five years are as follows:

	(000's)
2005	\$ 1,422
2006	1,505
2007	1,594
2008	1,688
2009	1,787
	\$ 7,996

5. Share capital

The authorized capital of the Corporation consists of an unlimited number of common shares without par value. The shares may be issued only to the Province of Newfoundland and Labrador Pooled Pension Fund. The sale, transfer or other disposition of common shares is restricted.

Changes in share capital are as follows:

	2004		2003	
	Number of shares	Amount (000's)	Number of shares	Amount (000's)
Issued and outstanding, beginning of year	4,840,500	\$ 48,405	2,590,500	\$ 25,905
Issued during the year for cash	1,200,000	12,000	2,250,000	22,500
Issued and outstanding, end of year	6,040,500	\$ 60,405	4,840,500	\$ 48,405

Equity per share is calculated as net asset value divided by the number of shares issued and outstanding at year end.

Dividends are payable to the holder of common shares on a quarterly basis based on the net income for the quarter ended, less reasonable reserves as determined by Bentall Investment Management Limited Partnership, divided by the number of issued and outstanding common shares.

NEWVEST REALTY CORPORATION
NOTES TO FINANCIAL STATEMENTS
31 December 2004

6. Co-ownerships

The following amounts represent the Corporation's proportionate interest in unincorporated co-ownerships.

	2004	2003
	(000's)	(000's)
Assets	\$ 29,630	\$ -
Liabilities	18,428	-
Income	1,055	-
Operating expenses	9	-
Mortgage interest	453	-

7. Related party transactions

During the year, charges of \$819,769 (2003 - \$661,837) were incurred for services from Bentall Investment Management Limited Partnership, a related party. These services are incurred in the normal course of business and are measured at the amount of consideration established and agreed to by the related parties.

The balances that have arisen from these transactions are charged in the financial statements to income producing properties, operating expenses and asset management fees.

8. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash and short-term investments, accounts receivable, accounts payable and accrued liabilities, mortgages payable and dividends payable. The carrying values of these instruments approximate current fair value due to their nature and the terms and conditions associated with them.

9. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

10. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
FINANCIAL STATEMENTS/AUDITOR'S REPORT
August 31, 2004



DAVID G. PURCHASE
CHARTERED ACCOUNTANT

P.O. Box 902
Suite 325
Millbrook Mall
Corner Brook, Newfoundland
A2H 6J2
Phone (709) 634-6790
Fax (709) 634 6797

AUDITOR'S REPORT

To the Members of

School District #2,
Northern Peninsula/Labrador South

I have audited the balance sheet of the current and capital funds of School District #2, Northern Peninsula/Labrador South, as at August 31, 2004, and the statements of current revenue, expenditure and board equity, and changes in capital fund position for the fourteen months then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at August 31, 2004, and the results of its operations and the changes in its capital financial position for the fourteen months then ended in accordance with generally accepted accounting principles and as explained in Note 1 to the financial statements, and are in compliance with reporting requirements established for School Boards in the Province of Newfoundland and Labrador by the Department of Education.

CORNER BROOK,
NEWFOUNDLAND AND LABRADOR

5 November 2004

David G. Purchase
CHARTERED ACCOUNTANT



DAVID G. PURCHASE
CHARTERED ACCOUNTANT

P.O. Box 902
Suite 325
Millbrook Mall
Corner Brook, Newfoundland
A2H 6J2
Phone (709) 634-6790
Fax (709) 634-6797

AUDITOR'S REPORT

To the Members of
School District #2
Northern Peninsula/Labrador South

In compliance with the requirements of Section 17 of the Schools Act,
I report as follows on my examination of the accounts of School District
#2, Northern Peninsula/Labrador South, for the fourteen months ended
August 31, 2004.

SUFFICIENCY OF BONDS

Bond coverage of \$50,000 is carried on the Business Manager and
others in the Board office responsible for the collection, receipt and
depositing of Board funds. In addition, bond coverage of \$20,000 is
carried covering School Board Principals, Vice Principals and Secretaries.

In my opinion, the bond coverage carried is sufficient.

CORNER BROOK,
NEWFOUNDLAND AND LABRADOR
5 November 2004

David G. Purchase
CHARTERED ACCOUNTANT

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Balance Sheet
August 31, 2004
(With comparative figures as at June 30, 2003)

	August 31 <u>2004</u>	June 30 <u>2003</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash (Supp. Info. 1)	\$ 32,882	20,818
Short-Term Investments (Supp. Info. 2)	5,173	5,173
Accounts Receivable (Note 2)	419,087	2,959,044
Prepaid Expenses (Supp. Info. 3)	<u>14,142</u>	<u>85,905</u>
<u>Total Current Assets</u>	<u>471,284</u>	<u>3,070,940</u>
<u>Property and Equipment</u> (Sch. 8)	<u>33,965,574</u>	<u>37,961,998</u>
	<u>\$34,436,858</u>	<u>41,072,938</u>
<u>LIABILITIES AND BOARD EQUITY</u>		
<u>Current Liabilities</u>		
Bank Indebtedness (Note 3)	\$ 333,434	361,847
Accounts Payable and Accrued (Note 4)	5,109,159	7,795,498
Current Maturities (Schedule 9A)	<u>42,377</u>	<u>31,570</u>
<u>Total Current Liabilities</u>	<u>5,484,970</u>	<u>8,188,915</u>
<u>Long-Term Debt</u> (Schedule 9)	<u>309,081</u>	<u>260,028</u>
<u>Board Equity</u>		
Investment in Capital Assets (Note 6)	33,614,116	37,670,400
Reserve Account (Note 5)	<u>(4,971,309)</u>	<u>(5,086,405)</u>
<u>Total Board Equity</u>	<u>28,642,807</u>	<u>32,583,995</u>
	<u>\$34,436,858</u>	<u>41,032,938</u>

APPROVED BY:

N. Gordon Chairman
B. Foley Secretary

See Accompanying Notes

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Statement of Current Revenues, Expenditures and Board Equity
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

	August 31 <u>2004</u>	June 30 <u>2003</u>
<u>Current Revenue (Schedule 1)</u>		
Provincial Government Grants	\$28,701,857	26,133,117
Donations	163,479	99,659
Ancillary Services	13,976	10,810
Miscellaneous	<u>300,463</u>	<u>248,367</u>
	<u>29,179,775</u>	<u>26,491,953</u>
<u>Current Expenditures</u>		
Administration (Schedule 2)	1,188,447	1,005,549
Instruction (Schedule 3)	22,708,746	21,408,156
Operations and Maintenance (Schedule 4)	3,658,015	2,986,579
Pupil Transportation (Schedule 5)	1,487,557	1,460,921
Ancillary Services (Schedule 6)		
Interest Expense (Schedule 9C)	2,570	9,008
Miscellaneous Expense (Schedule 7)		
	<u>29,045,335</u>	<u>26,870,213</u>
 23 111 Excess of Expenditures over Revenue	 134,440	 (378,260)
Transfer (to) from Capital	<u>(19,344)</u>	<u>140,607</u>
	115,096	(237,653)
Board Deficit, Beginning of Period	<u>(5,086,405)</u>	<u>(4,846,752)</u>
Board Deficit, End of Period	<u>\$ (4,971,309)</u>	<u>(5,086,405)</u>
 Board Deficit consists of:		
Board Deficit Before Accruals	\$ (56,571)	(147,658)
Add: Accruals		
Teachers' Severance	(4,312,020)	(4,306,194)
Support Staff Severance and Annual Leave	<u>(602,718)</u>	<u>(632,553)</u>
Board Deficit, End of Period	<u>\$ (4,971,309)</u>	<u>(5,086,405)</u>

SCHEDULE DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Statement of Changes in Financial Position
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

		August 31 <u>2004</u>	June 30 <u>2003</u>
60	<u>Operating Activities</u>		
011	Excess of Revenue over Expenditures	\$ 134,440	(378,260)
012	Changes in Non-Cash Working Capital		
013	- Short-Term Investments		
014	- Accounts Receivable	2,539,957	(197,620)
015	- Prepaid Expenses	71,763	(22,301)
014	- Accounts Payable & Accrued Expenses	(2,686,339)	281,205
015	- Current Maturities		
016	Other (Specify)		
		<u>59,821</u>	<u>(316,976)</u>
61	<u>Financing Activities</u>		
011	Proceeds from Bank Loans	99,560	--
012	Grants - Capital	45,614	176,941
013	Other Capital Revenues		
014	Changes in Long-Term Debt	(37,900)	(32,609)
015	Other - Debt Repayment by Operating	<u>37,900</u>	<u>32,609</u>
		<u>145,174</u>	<u>176,941</u>
62	<u>Investing Activities</u>		
011	Proceeds in Sale of Capital Assets	78,756	180,000
012	Additions to Property and Equipment	(243,274)	(216,334)
013	Other (Specify)		
		<u>(164,518)</u>	<u>(36,334)</u>
63	<u>Increase (Decrease) in Cash</u>	40,477	(176,369)
64	<u>Cash, Beginning of the Period</u>	<u>(341,029)</u>	<u>(164,660)</u>
65	<u>Cash, End of the Period</u>	<u>\$ (300,552)</u>	<u>(341,029)</u>
	Cash, End of Period, consists of:		
	Cash	\$ 32,882	20,818
	Bank Indebtedness	<u>(333,434)</u>	<u>(361,847)</u>
		<u>\$ (300,552)</u>	<u>(341,029)</u>

See Accompanying Notes

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Statement of Changes in Capital Fund
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

		August 31 <u>2004</u>	June 30 <u>2003</u>
70	Capital Receipts		
71	Proceeds from Bank Loans		
	011 - School Construction	\$	
	012 - Equipment		
	013 - Service Vehicles		
	014 - Pupil Transportation	99,560	--
	015 - Other (Specify)		
		<u>99,560</u>	<u>--</u>
72	DEC Grants		
	011 School Construction and Equipment		
	012 Other - EIC	45,614	176,941
		<u>45,614</u>	<u>176,941</u>
73	Donations		
	011 - Cash Receipts		
	012 - Non-Cash Receipts		
	013 - Restricted Use		
74	Sale of Capital Assets - Proceeds		
	011 - Land	--	180,000
	012 - Buildings	78,756	--
	013 - Equipment		
	014 - Service Vehicles		
	015 - Pupil Transportation Vehicles		
	016 - Other (Specify)		
		<u>78,756</u>	<u>180,000</u>
75	Other Capital Revenues		
	011 - Interest on Capital Fund Investments		
	012 - Premiums on Debentures		
	013 - Recoveries of Expenditures		
	015 - Insurance Proceeds		
	016 - Native Peoples Grants		
	017 - Miscellaneous (Specify)		
	Total Capital Receipts		
77	Transfer from Reserve Account		
78	Transfer (to) from Current Fund	19,344	(140,607)
	Total	<u>\$ 243,274</u>	<u>216,334</u>

See Accompanying Notes

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Statement of Changes in Capital Fund (Cont'd)
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

		August 31 <u>2004</u>	June 30 <u>2003</u>
80	<u>Capital Disbursements</u>		
81	Additions to Property & Equipment	\$	
011	- Land and Sites		
012	- Buildings	98,100	216,334
013	- Furniture & Equipment - School	13,454	--
014	- Furniture & Equipment - Other		
015	- Service Vehicles		
016	- Pupil Transportation	131,720	--
017	- Other (Specify)		
		<u>243,274</u>	<u>216,334</u>
82	Principal Repayment of Long-Term Debt		
011	- School Construction		
012	- Equipment		
013	- Service Vehicles		
014	- Other (Specify)		
83	Miscellaneous Disbursements		
013	- Other (Specify)		
Total Capital Disbursements		<u>\$ 243,274</u>	<u>216,334</u>

See Accompanying Notes

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

1. Significant Accounting Policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Boards. Fund accounting can be defined as "accounting procedures in which a self balancing group of accounts is provided for each fund". It is customary for School Boards to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- (a) Grants received by the Board are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the Denominational Education Council are recorded as capital revenues.
- (b) Fixed asset additions are recorded at full cost in the capital fund.
- (c) The Board does not calculate or record depreciation on any of its fixed assets.
- (d) Principal Repayment of Pupil Transportation Loans are recorded as Current Expenditures. All other principal repayment of bank loans are recorded as Capital Expenditures.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

		August 31 <u>2004</u>	June 30 <u>2003</u>
2.	<u>Accounts Receivable</u>		
	<u>Current</u>		
11	131 Provincial Government	\$ 179,873	2,772,973
	132 Transportation	49,597	5,267
	133 Federal Government	96,248	70,985
	136 Other School Board		
	137 Rent		
	138 Interest	--	64
	139 Travel Advances and Misc.	93,369	109,755
	<u>Capital</u>		
11	231 EIC - Construction Grants		
	233 Local Contributions		
	234 Other School Boards		
	235 Other (Specify)		
		<u>\$ 419,087</u>	<u>2,959,044</u>
3.	<u>Bank Indebtedness</u>		
21	131 On Operating Credit	\$ 333,435	361,847
	132 On Capital Account		
		<u>\$ 333,435</u>	<u>361,847</u>

Note 2: Included in Accounts Receivable - Provincial Government is an amount of \$143,459 representing an adjustment to the allocation for school utilities for the period ended August 31, 2004. This amount is subject to review by the Department of Education once the audited financial statements are submitted.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

		August 31 <u>2004</u>	June 30 <u>2003</u>
4.	<u>Accounts Payable and Accrued</u>		
	<u>Current</u>		
21	111 Trade Payable	\$ 18,618	143,021
	112 Accrued - Liabilities	9,700	6,000
	113 - Interest	--	866
	114 - Wages		
	115 Payroll Deductions	12,034	--
	116 Retail Sales Tax		
	117 Deferred Grants	154,069	179,775
	118 Other - Summer Pay Liability - Teachers	--	2,527,089
	- Severance Pay - Teachers	4,312,020	4,306,194
	- Severance Pay and Annual Leave		
	- Support Staff	602,718	632,553
	<u>Capital</u>		
21	211 Trade Payable		
	212 Accrued - Liabilities		
	213 - Interest		
	217 Deferred Grants		
	218 Other (Specify)		
		<u>\$ 5,109,159</u>	<u>7,795,498</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

5. Reserve Account

Description:

NIL

Balance, Beginning of Period	\$	NIL	NIL
Less Transfer from Reserve		<u> </u>	<u> </u>
Add Transfer to Reserve		<u> </u>	<u> </u>
Balance, End of Period	\$	<u>NIL</u>	<u>NIL</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

	August 31 2004	June 30 2003
6. Investment in Capital Assets, Beginning of Period	\$37,670,400	37,421,457
Add:		
Debt Repayment - Principal by Operating Fund	39,700	32,609
Transfer of Operating Funds to Capital Fund	19,344	--
Grants - DEC - Contribution for Capital Const.		
- Other - Education Investment Corp.	45,614	176,941
Donations - (Specify)		
Proceeds from Sale of Capital Assets		
- Land	--	180,000
- Buildings	78,756	--
- Equipment		
- Vehicles		
- Other		
Interest on Capital Fund Investments		
Recoveries of Expenditures		
Insurance Proceeds - Capital		
Native Peoples Grants - Capital		
Miscellaneous (Specify)		
	<u>37,853,814</u>	<u>37,811,007</u>
Deduct Adjustments:		
Transfer of Capital Funds to Operating Fund	--	140,607
Cost of Assets Sold - Land		
- Buildings	4,239,698	--
- Equipment		
- Vehicles		
- Other		
	<u>4,239,698</u>	<u>140,607</u>
Other		
23 121 Investment in Capital Assets, End of Period	<u>\$33,614,116</u>	<u>37,670,400</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Notes to the Financial Statements
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

7.

Commitments:

At balance sheet date the Board had the following commitments:

None

SCHEDULE 1.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Current Revenues
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

	August 31 <u>2004</u>	June 30 <u>2003</u>
<u>Current Revenues</u>		
32 010 Provincial Government Grants	\$5,867,649	4,441,004
011 Regular Operating Grants		
016 Special Grants (Details on bottom of Schedule 1)	43,319	7,030
Salaries and Benefits		
017 - Superintendent and Asst. Supts.	353,490	296,367
021 - Regular Teachers	20,225,280	19,439,786
022 - Substitute Teachers	730,005	530,970
030 Pupil Transportation		
031 - Board Owned	550,444	506,472
032 - Contracted	797,172	785,456
033 - Handicapped	<u>134,498</u>	<u>126,032</u>
	<u>28,701,857</u>	<u>26,133,117</u>
33 010 Donations		
012 Cash Receipts		
013 Non-Cash Receipts	<u>163,479</u>	<u>99,659</u>
014 Restricted Use	<u>163,479</u>	<u>99,659</u>

SCHEDULE 1 (Cont'd)

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Current Revenues
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

		August 31 <u>2004</u>	June 30 <u>2003</u>
34	010 Ancillary Services		
	011 Revenues from Rental of Residences	\$ 5,850	5,070
	021 Revenues from Rental of Schools and Facilities (Net)	8,126	5,740
	031 Cafeterias		
	032 Other (Specify)		
		<u>13,976</u>	<u>10,810</u>
35	010 Miscellaneous		
	011 Interest on Investments	6,676	2,547
	012 Bus Charters	2,010	4,834
	021 Recoveries of Expenditures	915	3,682
	031 Revenues from Other School Boards		
	Federal Rebates - GST	161,975	146,215
	051 Insurance Proceeds		
	061 Bilingual Education Revenue	21,430	7,452
	071 Operating Rev. from Native Peoples Grant		
	081 Miscellaneous Federal Grants - HRDC	9,878	--
	091 Textbooks	92,096	79,570
	092 Sundry	<u>5,483</u>	<u>4,067</u>
		<u>300,463</u>	<u>248,367</u>
	Total Current Revenues	<u>\$29,179,775</u>	<u>26,491,953</u>
	<u>Special Grants</u>		
	Administration - Textbooks	\$ 7,741	7,030
	Textbook Credit Allocation	9,962	--
	Alternate Texts	616	--
	Broadband Connectivity	<u>25,000</u>	<u>--</u>
		<u>\$ 43,319</u>	<u>7,030</u>

SCHEDULE 2.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Administration Expenditures
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

	August 31 <u>2004</u>	June 30 <u>2003</u>
51 Salaries and Benefits		
011 - Superintendents and Assistant Superintendents	\$ 372,941	298,681
012 - Board Office Personnel	441,694	345,839
013 Office Supplies	27,861	22,127
014 Replacement Furniture and Equipment	3,405	2,701
015 Postage	17,299	13,993
016 Telephone	49,555	29,896
017 Office Equipment Rentals and Repairs	2,008	2,218
018 Bank Charges	799	581
019 Electricity	11,801	10,777
021 Fuel	17,009	18,513
022 Insurance		
023 Repairs and Maintenance (Office Building)		
024 Travel	76,503	80,631
025 Board Meeting Expenses	82,324	100,048
026 Election Expenses		
027 Professional Fees	15,866	14,437
028 Advertising	46,752	41,186
029 Membership Dues	15,821	16,001
031 Municipal Service Fees		
032 Rental of Office Space		
033 Relocation Expenses		
034 Miscellaneous	--	3,287
035 Payroll Tax	<u>6,809</u>	<u>4,633</u>
Total Administration Expenditures	<u>\$ 1,188,447</u>	<u>1,005,549</u>

SCHEDULE 3.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Instruction Expenditures
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

	August 31 <u>2004</u>	June 30 <u>2003</u>
52 010 Instructional Salaries (Gross)		
011 Teachers' Salaries - Regular	\$20,228,673	19,617,544
012 - Substitute	680,510	532,784
013 - Board Paid		
014 Teachers' Severance	5,827	91,695
015 Employee Benefits		
016 School Secretaries - Salaries & Benefits	717,092	365,227
017 Payroll Tax	11,187	4,633
018 Other (Specify)		
	<u>21,643,289</u>	<u>20,611,883</u>
52 040 Instructional Materials		
041 General Supplies	555,234	364,351
042 Library Resource Materials		
043 Teaching Aids		
044 Textbooks	<u>102,431</u>	<u>83,551</u>
	<u>657,665</u>	<u>447,902</u>
52 060 Instructional Furniture and Equipment		
061 Replacement	20,346	28,060
062 Rentals and Repairs		
	<u>20,346</u>	<u>28,060</u>
50 080 Instructional Staff Travel		
081 Program Co-ordinators	62,894	66,994
082 Teachers' Travel	71,392	57,005
083 Inservice and Conferences	<u>87,540</u>	<u>80,471</u>
	<u>221,826</u>	<u>204,470</u>
52 090 Other Instructional Costs		
091 Postage and Stationery	54,256	59,905
092 Miscellaneous - French Monitor	19,385	8,179
- Computer Support Specialist	66,979	47,757
- Broadband Connectivity	25,000	--
	<u>165,620</u>	<u>115,841</u>
Total Instruction Expenditures	<u>\$22,708,746</u>	<u>21,408,156</u>

SCHEDULE 4.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Operations and Maintenance Expenditures - Schools
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

		August 31 <u>2004</u>	June 30 <u>2003</u>
53	011 Salaries and Benefits - Janitorial	\$1,430,874	1,134,815
	012 - Maintenance	224,686	137,711
	013 Payroll Tax	25,744	16,722
	014 Electricity	489,164	448,310
	015 Fuel	421,530	523,544
	016 Municipal Service Fee	46,820	44,969
	017 Telephone	170,542	176,614
	018 Vehicle Operating and Travel	91,508	72,299
	019 Janitorial Supplies	93,631	49,407
	021 Janitorial Equipment	712	1,149
	022 Repairs and Maintenance - Buildings	537,849	265,090
	023 - Equipment		
	024 Contracted Services - Janitorial		
	025 Snow Clearing	119,297	111,873
	026 Rentals	822	--
	027 Other - Cellular Telephone	<u>4,836</u>	<u>4,076</u>
	Total Operations and Maintenance	<u>\$3,658,015</u>	<u>2,986,579</u>

SCHEDULE 5.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Pupil Transportation Expenditures
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

		August 31 <u>2004</u>	June 30 <u>2003</u>
54	010 Operation and Maintenance of Board Owned Fleet		
	Salaries and Benefits - Replacement Drivers \$	16,124	--
011	- Administration	20,000	20,000
012	- Drivers and Mechanics	303,691	300,600
	- Severance		
013	Payroll Tax	4,900	4,900
014	Debt Repayment - Interest	13,813	14,143
015	- Principal	39,700	32,609
016	Bank Charges		
017	Gas and Oil	47,480	60,790
018	Licenses	9,107	6,336
019	Insurance	9,784	3,800
021	Repairs and Maintenance - Fleet	48,103	52,211
022	- Building		
023	Tires and Tubes	4,843	9,537
024	Heat and Light		
025	Municipal Service		
026	Snow Clearing	2,500	2,500
027	Office Supplies		
028	Rent		
029	Travel	936	900
031	Professional fees	700	700
032	Miscellaneous	1,793	1,880
033	Telephone	400	400
034	Vehicle Leases		
		<u>523,874</u>	<u>511,306</u>
54	040 Contracted Services		
041	Regular Transportation	829,341	817,167
042	Handicapped	<u>134,342</u>	<u>132,448</u>
		<u>963,683</u>	<u>949,615</u>
	Pupil Transportation Expenditures	<u>\$ 1,487,557</u>	<u>1,460,921</u>

SCHEDULE 6.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Ancillary Services and Miscellaneous Expenses
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

Ancillary Services

The Board owns and operates the following ancillary services:

		August 31 2004	June 30 2003
55	Ancillary Services		
011	Operation of Teachers' Residences	\$	
031	Cafeterias		
032	Other (Specify)		
		\$ NIL	NIL

SCHEDULE 7.

Miscellaneous Expenses (Specify)

The Board has incurred the following miscellaneous expenses:

		August 31 2004	June 30 2003
57	011 Miscellaneous Expenses (Specify)	\$ NIL	NIL

SCHEDULE 8.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Details of Property and Equipment
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

		Balance June 30, 2003	Additions	Disposals	Balance August 31, 2004
12	210 Land and Sites				
	211 Land and Sites	\$ 646,250			646,250
12	220 Buildings				
	221 Schools	33,143,589	98,100	4,239,698	29,001,991
	222 Administration	1,257,522			1,257,522
	223 Residential	21,289			21,289
	224 Recreational				
	225 Other (Specify)				
		<u>34,422,400</u>	<u>98,100</u>	<u>4,239,698</u>	<u>30,280,802</u>
12	230 Furniture and Equip.				
	231 Schools	2,102,344	13,454		2,115,798
	232 Administration	110,574			110,574
	233 Residential				
	234 Recreational				
	235 Other (Specify)				
		<u>2,212,918</u>	<u>13,454</u>		<u>2,226,372</u>
12	240 Vehicles				
	241 Service Vehicles	20,354			20,354
12	250 Pupil Transportation				
	251 Land				
	252 Building				
	253 Vehicles - Buses	660,076	131,720		791,796
	254 - Service				
	255 Equipment				
	256 Other (Specify)				
		<u>660,076</u>	<u>131,720</u>		<u>791,796</u>
12	260 Misc. Capital Assets				
	261 Other (Specify)				
	Total Property and Equipment	<u>\$37,961,998</u>	<u>243,274</u>	<u>4,239,698</u>	<u>33,965,574</u>

SCHEDULE 9.

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Details of Long-Term Debt
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

Bank loans, mortgage and debentures,
approved by the Board and the Government
of Newfoundland and Labrador

22 210 Loans Other than Pupil Transportation		August 31 2004	June 30 2003
211 <u>Ref. #</u> Bank Loans			
_____	Repayable \$_____ monthly, maturing _____	\$	
_____	Repayable \$_____ monthly, maturing _____		
_____	Repayable \$_____ monthly, maturing _____		
_____	Repayable \$_____ monthly, maturing _____		
_____	Repayable \$_____ monthly, maturing _____		
_____	Repayable \$_____ monthly, maturing _____		
Total 211		<u>NIL</u>	<u>NIL</u>
212 Mortgages			
_____	Repayable \$_____ monthly, maturing _____		
_____	Repayable \$_____ monthly, maturing _____		
_____	Repayable \$_____ monthly, maturing _____		
_____	Repayable \$_____ monthly, maturing _____		
_____	Repayable \$_____ monthly, maturing _____		
_____	Repayable \$_____ monthly, maturing _____	<u>NIL</u>	<u>NIL</u>
Total 212		<u>NIL</u>	<u>NIL</u>
213 Debentures			
_____	Repayable \$_____ monthly, maturing _____		
_____	Repayable \$_____ monthly, maturing _____	<u>NIL</u>	<u>NIL</u>
Total 213		<u>NIL</u>	<u>NIL</u>
214 Other (Please Specify)			
Subtotal		<u>NIL</u>	<u>NIL</u>
215 Less Current Maturities			
Total Loans Other than Pupil Transportation		<u>NIL</u>	<u>NIL</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Details of Long-Term Debt
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

22 220 Loans - Pupil Transportation

		August 31 <u>2004</u>	June 30 <u>2003</u>
	<u>Ref. #</u>		
221	Vehicle Bank Loans		
	Prime Repayable \$ <u>516</u> monthly, maturing <u>2011</u>	\$ 42,327	49,553
	Prime Repayable \$ <u>523</u> monthly, maturing <u>2012</u>	43,919	51,239
	Prime Repayable \$ <u>521</u> monthly, maturing <u>2012</u>	48,983	56,279
	Prime Repayable \$ <u>523</u> monthly, maturing <u>2013</u>	54,923	62,246
	Prime Repayable \$ <u>548</u> monthly, maturing <u>2014</u>	64,614	72,281
	Prime Repayable \$ <u>359</u> monthly, maturing <u>2008</u>	18,645	--
	Prime Repayable \$ <u>542</u> monthly, maturing <u>2016</u>	78,047	--
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Total 221	<u>351,458</u>	<u>291,598</u>
222	Land, Buildings and Equipment Bank Loans		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Repayable \$ _____ monthly, maturing _____		
	Total 222	<u>NIL</u>	<u>NIL</u>
	Subtotal	<u>351,458</u>	<u>291,598</u>
223	Less Current Maturities	<u>42,377</u>	<u>31,570</u>
	Total Loans - Pupil Transportation	<u>309,081</u>	<u>260,028</u>
	Total Long-Term Debt	<u>\$309,081</u>	<u>260,028</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Summary of Long-Term Debt
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

<u>Description</u>	<u>Ref. #</u>	<u>Rate</u>	<u>Balance Beginning of Period</u>	<u>Loans Obtained During Period</u>	<u>Principal Repayment for Period</u>	<u>Balance End of Period</u>
A) School Construction						
B) Equipment						
C) Service Vehicles						
D) Other						
E) Pupil Transportation			\$ 291,598	99,560	39,700	351,458
			_____	_____	_____	_____
Total Loans			<u>\$ 291,598</u>	<u>99,560</u>	<u>39,700</u>	<u>351,458</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Schedule of Current Maturities
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

<u>Description</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School Construction \$					
B) Equipment					
C) Service Vehicles					
D) Other					
E) Pupil Transportation					
Loan 1	6,194	6,194	6,194	6,194	6,194
Loan 2	6,274	6,274	6,274	6,274	6,274
Loan 3	6,253	6,253	6,253	6,253	6,253
Loan 4	6,278	6,278	6,278	6,278	6,278
Loan 5	6,571	6,571	6,571	6,571	6,571
Loan 6	4,303	4,303	4,303	4,303	1,433
Loan 7	<u>6,504</u>	<u>6,504</u>	<u>6,504</u>	<u>6,504</u>	<u>6,504</u>
Total	<u>\$ 42,377</u>	<u>42,377</u>	<u>42,377</u>	<u>42,377</u>	<u>39,507</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Schedule of Interest Expense
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

		August 31 <u>2004</u>	June 30 <u>2003</u>
	<u>Description</u>		
012	Capital		
	School Construction	\$	
	Equipment		
	Service Vehicles		
	Other (Specify)		
	Total Capital		
013	Current - Operating Loans	2,570	9,008
014	- Supplier Interest Charges		
	Total Current	<u>2,570</u>	<u>9,008</u>
	Total Interest Expense	<u>\$ 2,570</u>	<u>9,008</u>

SCHOOL DISTRICT #2
NORTHERN PENINSULA/LABRADOR SOUTH
Supplementary Information
Fourteen months ended August 31, 2004
(With comparative figures for the year ended June 30, 2003)

1. Cash

		August 31 <u>2004</u>	June 30 <u>2003</u>
	<u>Current</u>		
11	110 Cash on Hand and in Bank		
	111 Cash on Hand	\$ 634	369
	112 Bank - Current		
	113 - Savings		
	114 - Teachers' Payroll	32,248	20,449
	115 - Non-Teachers' Payroll		
	116 - Coupon (Debenture)		
	117 - Other (Specify)		
	<u>Capital</u>		
11	210 Cash on Hand and in Bank		
	211 Cash on Hand		
	212 Bank - Current		
	213 - Savings		
	214 - Other (Specify)		
	Total Cash on Hand and in Bank	<u>\$ 32,882</u>	<u>20,818</u>

2. Short Term Investments

	<u>Current</u>		
11	121 Term Deposits	\$ 5,173	5,173
	122 Canada Savings Bonds		
	123 Other (Specify)		
	<u>Capital</u>		
11	221 Term Deposits		
	222 Canada Savings Bonds		
	223 Other (Specify)		
	Total Short Term Investments	<u>\$ 5,173</u>	<u>5,173</u>

3. Prepaid Expenses

	<u>Current</u>		
11	141 Insurance	\$ 792	719
	142 Municipal Service Fees		
	143 Supplies	10,350	10,670
	144 Other - Travel	3,000	19,342
	- Used Textbooks	--	21,674
	- Workers Compensation	--	33,500
	<u>Capital</u>		
11	241 Other (Specify)		
		<u>\$ 14,142</u>	<u>85,905</u>

Deloitte®

**Northwest Rotary –
Janeway Hostel Corporation
Financial Statements
March 31, 2004**



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Auditors' Report

To the Board of Directors of
Northwest Rotary – Janeway Hostel Corporation

We have audited the statement of financial position of the Northwest Rotary – Janeway Hostel Corporation as at March 31, 2004 and the statements of operations and changes in deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2003 and for the year then ended were audited by other auditors who issued their report dated June 20, 2003.

Deloitte & Touche LLP

Chartered Accountants
July 12, 2004

Northwest Rotary – Janeway Hostel Corporation **Statement of Operations and Changes in Deficit**

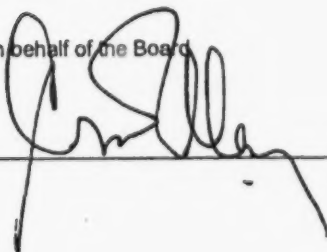
Year Ended March 31	2004	2003
Revenue		
Room rentals	\$ -	\$ 81,141
Canada Mortgage and Housing Corporation		
Mortgage subsidy	27,373	38,271
Atlantic Fundraising Association	900	11,700
Interest	127	5,151
Miscellaneous	-	2,095
	<u>28,400</u>	<u>138,358</u>
Expenditures		
Interest on long term debt	56,362	62,349
Security	31,096	-
Utilities	11,761	23,719
Professional fees	3,112	2,500
General	884	698
Repairs and maintenance	-	23,611
Travel	-	54
Rent	-	3,750
Salaries and benefits	-	81,194
Insurance	-	2,355
Replacement reserve	-	2,286
Housekeeping supplies	-	869
	<u>103,215</u>	<u>203,385</u>
Excess of expenditures over revenue before the following	(74,815)	(65,027)
Canteen operations (Note 6)	-	3,958
Depreciation	(43,070)	(43,070)
Decrease in severance pay accrual	-	36,980
Excess of expenditures over revenue	(117,885)	(67,159)
Deficit, beginning of year	<u>(96,488)</u>	<u>(29,329)</u>
Deficit, end of year	<u>\$ (214,373)</u>	<u>\$ (96,488)</u>

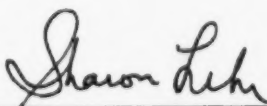
See accompanying notes to the financial statements.

Northwest Rotary – Janeway Hostel Corporation
Statement of Financial Position

March 31	2004	2003
Assets		
Current		
Cash and cash equivalents	\$ 9,475	\$ 63,515
Receivables	<u>1,783</u>	<u>2,386</u>
	11,258	65,901
Capital assets (Note 3)	1,444,544	1,487,614
Replacement reserve (Note 4)	<u>146,225</u>	<u>142,125</u>
	<u>\$ 1,602,027</u>	<u>\$ 1,695,640</u>
Liabilities		
Current		
Payables and accruals	\$ 7,970	\$ 9,681
Current portion of long term debt (Note 5)	<u>41,870</u>	<u>47,995</u>
	49,840	57,676
Long term debt (Note 5)	1,005,349	1,042,296
Due to Health Care Corporation of St. John's - non-interest bearing, no set terms of repayment	614,986	550,031
Replacement reserve fund (Note 4)	<u>146,225</u>	<u>142,125</u>
	1,816,400	1,792,128
Deficit		
Deficit	<u>(214,373)</u>	<u>(96,488)</u>
	<u>\$ 1,602,027</u>	<u>\$ 1,695,640</u>

On behalf of the Board


 _____ Director


 _____ Director

See accompanying notes to the financial statements.

Northwest Rotary – Janeway Hostel Corporation

Statement of Cash Flows

Year Ended March 31	2004	2003
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of expenditures over revenue	\$ (117,885)	\$ (67,159)
Items not requiring a cash outlay		
Depreciation	43,070	43,070
Accrued severance pay	-	(36,980)
Replacement reserve	<u>4,100</u>	<u>2,286</u>
	(70,715)	(58,783)
Change in non-cash operating working capital (Note 7)	<u>(1,108)</u>	<u>(2,726)</u>
Cash used in operating activities	<u>(71,823)</u>	<u>(61,509)</u>
Financing		
Repayment of long term debt	(43,072)	(43,069)
Advances from Health Care Corporation of St. John's	<u>64,955</u>	<u>94,239</u>
Cash provided by financing activities	<u>21,883</u>	<u>51,170</u>
Investing		
Interest earned - replacement reserve	<u>-</u>	<u>2,915</u>
Cash provided by investing activities	<u>-</u>	<u>2,915</u>
Net decrease in cash and cash equivalents	(49,940)	(7,424)
Cash and cash equivalents		
Beginning of year	<u>205,640</u>	<u>213,064</u>
End of year	<u>\$ 155,700</u>	<u>\$ 205,640</u>
Represented by:		
Cash	\$ 9,475	\$ 63,515
Replacement reserve	<u>146,225</u>	<u>142,125</u>
	<u>\$ 155,700</u>	<u>\$ 205,640</u>

See accompanying notes to the financial statements.

Northwest Rotary – Janeway Hostel Corporation

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The Northwest Rotary-Janeway Hostel Corporation (the "Hostel") was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients.

The Hostel is incorporated under the Corporations Act of Newfoundland and is a registered charity under the Income Tax Act.

On June 28, 2002, the Hostel ceased operations, and transferred all of its services to the General Hospital Hostel Association.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Use of estimates

In preparing the Hostel's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks. Bank borrowings are considered to be financing activities.

Capital assets

Capital assets are recorded at cost, except for donated assets which are recorded at estimated fair market value.

Depreciation is provided for buildings each year in an amount equal to the annual repayment of principal on the long term debt.

Depreciation is not charged on other capital assets. A replacement reserve, in lieu of depreciation, is required under the terms of the mortgage agreement with Canada Mortgage and Housing Corporation (CMHC). This reserve is calculated by the application of prescribed rates to the various classifications of capital assets.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Hostel.

Northwest Rotary – Janeway Hostel Corporation

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (Continued)

Capital donations

Capital donations or other income of a capital nature are recorded directly in the surplus account "Net Assets" and do not appear in the statements of operations and changes in net assets, nor as a reduction in the cost of any capital asset.

Pension costs

Employees of the Hostel are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Hostel. The annual contributions for pensions are recognized in the accounts on a current basis.

3. Capital assets	<u>2004</u>		<u>2003</u>	
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 95,000	\$ -	\$ 95,000	\$ 95,000
Buildings	1,566,814	415,886	1,150,928	1,193,998
Furniture and equipment	192,404	-	192,404	192,404
Fencing	6,212	-	6,212	6,212
	<u>\$ 1,860,430</u>	<u>\$ 415,886</u>	<u>\$ 1,444,544</u>	<u>\$ 1,487,614</u>

The accounts include the value of land to which the Hostel does not have title. The title to the land resides with the Province of Newfoundland and Labrador with whom the Hostel has a 40 year lease.

4. Replacement reserve

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$9,144 annually. As the facility has ceased operations there have been no contributions to the reserve since June, 2002. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC.

The Hostel has appropriated equity to the replacement reserve fund to satisfy the CMHC requirements.

	<u>2004</u>	<u>2003</u>
Balance, beginning of year	\$ 142,125	\$ 136,924
Contributions	-	2,286
Interest income	<u>4,100</u>	<u>2,915</u>
Balance, end of year	<u>\$ 146,225</u>	<u>\$ 142,125</u>

Northwest Rotary – Janeway Hostel Corporation

Notes to the Financial Statements

March 31, 2004

5. Long term debt	<u>2004</u>	<u>2003</u>
Newfoundland and Labrador Housing Corporation first mortgage payable in blended monthly instalments of principal and interest of \$8,803, maturing June 1, 2004, amortized to April 1, 2018.	\$ 1,047,219	\$ 1,090,291
Less: current portion	<u>41,870</u>	<u>47,995</u>
	<u>\$ 1,005,349</u>	<u>\$ 1,042,296</u>

As security for the mortgage, the Hostel has provided a first mortgage on land and building situated at Janeway Place, and an assignment of rents and leases.

The Hostel receives a subsidy from CMHC which reduces the effective interest rate to 2% per year.

Principal repayments required over the next five years are as follows:

2004 - \$41,870; 2005 - \$51,000; 2006 - \$53,900; 2007 - \$56,900; and 2008 - \$60,000.

6. Canteen operations	<u>2004</u>	<u>2003</u>
Canteen sales	\$ -	\$ 28,632
Cost of sales	<u>-</u>	<u>24,674</u>
Gross profit	<u>\$ -</u>	<u>\$ 3,958</u>

7. Supplemental cash flow information	<u>2004</u>	<u>2003</u>
Change in non-cash operating working capital		
Receivables	\$ 603	\$ 42,250
Inventory	-	5,197
Payables and accruals	<u>(1,711)</u>	<u>(50,173)</u>
	<u>\$ (1,108)</u>	<u>\$ (2,726)</u>

8. Financial instruments

The carrying value of the Hostel's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturity of these instruments.

Long-term debt reflects fair value based on current borrowing rates available to the Hostel. The amount due to the Health Care Corporation of St. John's is non-interest bearing with no set terms of repayment and therefore does not reflect fair value.

9. Related party transactions

Expenditures include \$Nil (2003 - \$2,500) charged by the Health Care Corporation of St. John's for accounting services.

Deloitte

Financial Statements of

**NORTHWEST ROTARY –
JANEWAY HOSTEL CORPORATION**

March 31, 2005

Deloitte

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada
Tel: (709) 576-8480
Fax: (709) 576-8480
www.deloitte.ca

Auditors' Report

To the Board of Directors of
Northwest Rotary – Janeway Hostel Corporation

We have audited the statement of financial position of the Northwest Rotary – Janeway Hostel Corporation as at March 31, 2005 and the statements of operations, changes in fund balances and deficit and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants
June 30, 2005

NORTHWEST ROTARY - JANEWAY HOSTEL CORPORATION

Statement of Operations

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
REVENUE		
Canada Mortgage and Housing Corporation mortgage subsidy (Note 5)	23,741	27,373
Atlantic Fundraising Association	-	900
Interest	57	127
	<u>23,798</u>	<u>28,400</u>
EXPENDITURES		
Security	34,224	31,096
Interest on long-term debt	30,267	56,362
Utilities	11,659	11,761
Repairs and maintenance	2,247	-
Professional fees	1,495	3,112
General	362	884
	<u>80,254</u>	<u>103,215</u>
EXCESS OF EXPENDITURES OVER REVENUE BEFORE AMORTIZATION	(56,456)	(74,815)
AMORTIZATION	(66,077)	(43,070)
EXCESS OF EXPENDITURES OVER REVENUE	<u>(122,533)</u>	<u>(117,885)</u>

NORTHWEST ROTARY - JANEWAY HOSTEL CORPORATION

Statement of Changes in Fund Balances

Year Ended March 31, 2005

	2005		2004	
	Unrestricted	Net Investment	Total	Total
	Net Assets	in Capital		
	\$	Assets	\$	\$
BALANCE, BEGINNING OF YEAR	(611,698)	397,325	(214,373)	(96,488)
Excess of expenditures over revenue	(56,456)	(66,077)	(122,533)	(117,885)
Repayment of long-term debt	(66,075)	66,075	-	-
BALANCE, END OF YEAR	(734,229)	397,323	(336,906)	(214,373)

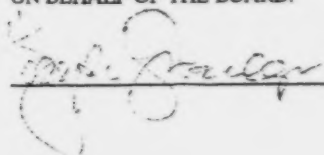
NORTHWEST ROTARY - JANEWAY HOSTEL CORPORATION

Statement of Financial Position

March 31, 2005

	<u>2005</u> \$	<u>2004</u> \$
ASSETS		
CURRENT		
Cash and cash equivalents	17,634	9,475
Receivables	-	1,783
	<u>17,634</u>	<u>11,258</u>
CAPITAL ASSETS (Note 3)	1,378,467	1,444,544
REPLACEMENT RESERVE (Note 4)	149,558	146,225
	<u>1,545,659</u>	<u>1,602,027</u>
LIABILITIES		
CURRENT		
Payables and accruals	6,927	7,970
Current portion of long-term debt (Note 5)	57,480	41,870
	<u>64,407</u>	<u>49,840</u>
LONG-TERM DEBT (Note 5)	923,664	1,005,349
DUE TO HEALTH CARE CORPORATION OF ST. JOHN'S -		
NON-INTEREST BEARING, NO SET TERMS OF REPAYMENT	744,936	614,986
REPLACEMENT RESERVE FUND (Note 4)	149,558	146,225
	<u>1,882,565</u>	<u>1,816,400</u>
FUND BALANCES		
Unrestricted	(734,229)	(611,698)
Investment in capital assets	397,323	397,325
	<u>(336,906)</u>	<u>(214,373)</u>
	<u>1,545,659</u>	<u>1,602,027</u>

ON BEHALF OF THE BOARD:

 Director

 Director

NORTHWEST ROTARY - JANEWAY HOSTEL CORPORATION

Statement of Cash Flows

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of expenditures over revenue	(122,533)	(117,885)
Adjustment for:		
Amortization	66,077	43,070
Change in non-cash operating working capital (Note 6)	740	(1,108)
	<u>(55,716)</u>	<u>(75,923)</u>
INVESTING ACTIVITY		
Increase in replacement reserve	3,333	4,100
FINANCING ACTIVITIES		
Repayment of long-term debt	(66,075)	(43,072)
Advances from Health Care Corporation of St. John's	129,950	64,955
	<u>63,875</u>	<u>21,883</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,492	(49,940)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	155,700	205,640
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>167,192</u>	<u>155,700</u>
REPRESENTED BY		
Cash	17,634	9,475
Replacement reserve	149,558	146,225
	<u>167,192</u>	<u>155,700</u>

NORTHWEST ROTARY – JANEWAY HOSTEL CORPORATION

Notes to Financial Statements

March 31, 2005

1. NATURE OF OPERATIONS

The Northwest Rotary-Janeway Hostel Corporation (the "Hostel") was established to provide affordable, on-site accommodations to outpatients undergoing treatment and family members of inpatients. On June 28, 2003, the Hostel ceased operations, and transferred all of its services to the General Hospital Hostel Association.

The Hostel is incorporated under the Corporations Act of Newfoundland and is a registered charity under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with original maturities of one year or less. Bank borrowings are considered to be financing activities.

Capital assets

Capital assets are recorded at cost, except for donated assets, which are recorded at estimated fair market value.

Amortization is provided for buildings each year in an amount equal to the annual repayment of principal on the long-term debt, which approximates the useful life of the asset.

Amortization is not charged on other capital assets. A replacement reserve, in lieu of amortization, is required under the terms of the mortgage agreement with Canada Mortgage and Housing Corporation (CMHC).

Use of estimates

In preparing the Hostel's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

NORTHWEST ROTARY - JANEWAY HOSTEL CORPORATION
Notes to Financial Statements
March 31, 2005

3. CAPITAL ASSETS

	2005		2004
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Land	95,000	-	95,000
Buildings	1,566,814	481,963	1,084,851
Furniture and equipment	192,404	-	192,404
Fencing	6,212	-	6,212
	1,860,430	481,963	1,378,467
			1,444,544

The accounts include the value of land to which the Hostel does not have title. The title to the land resides with the Province of Newfoundland and Labrador with whom the Hostel has a 40 year lease.

4. REPLACEMENT RESERVE

Under the terms of the agreement with CMHC, the replacement reserve account is to be credited in the amount of \$9,144 annually. As the facility has ceased operations there have been no contributions to the reserve since June, 2002. These funds, along with accumulated interest, must be held in a separate bank account and/or invested only in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC.

The Hostel has appropriated equity to the replacement reserve fund to satisfy the CMHC requirements.

	2005	2004
	\$	\$
Balance, beginning of year	146,225	142,125
Interest income	3,333	4,100
Balance, end of year	149,558	146,225

NORTHWEST ROTARY – JANEWAY HOSTEL CORPORATION
Notes to Financial Statements
March 31, 2005

5. LONG-TERM DEBT

	<u>2005</u>	<u>2004</u>
	\$	\$
Newfoundland and Labrador Housing Corporation, 4.24% first mortgage, maturing June 1, 2008, amortized to April 1, 2018 payable in blended monthly instalments of principal and interest of \$8,135, maturing June 1, 2008.	981,144	1,047,219
Less: current portion	57,480	41,870
	<u>923,664</u>	<u>1,005,349</u>

As security for the mortgage, the Hostel has provided a first mortgage on land and building situated at Janeway Place, and an assignment of rents and leases.

The Hostel receives a subsidy from CMHC which reduces the effective interest rate to 2% per year.

Principal repayments required over the next five years are as follows:

	\$
2006	57,480
2007	59,943
2008	62,512
2009	65,190
2010	67,984

6. SUPPLEMENTAL CASH FLOW INFORMATION

Change in non-cash operating working capital is as follows:

	<u>2005</u>	<u>2004</u>
	\$	\$
Receivables	1,783	603
Payables and accruals	(1,043)	(1,711)
	<u>740</u>	<u>(1,108)</u>
Interest paid	<u>31,544</u>	<u>46,747</u>

NORTHWEST ROTARY – JANEWAY HOSTEL CORPORATION
Notes to Financial Statements
March 31, 2005

7. FINANCIAL INSTRUMENTS

The carrying value of the Hostel's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturity of these instruments.

Long-term debt reflects fair value based on current borrowing rates available to the Hostel. The amount due to the Health Care Corporation of St. John's is non-interest bearing with no set terms of repayment and therefore does not reflect fair value.

**OFFICE OF THE HIGH SHERIFF
OF NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

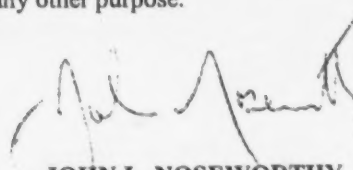
To the High Sheriff of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2005 and the statement of operations for the year then ended. These financial statements have been prepared to meet the information needs of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador under Section 10 of the *Sheriff's Act, 1991*. The financial statements are the responsibility of the High Sheriff. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Office of the High Sheriff of Newfoundland and Labrador as at 31 March 2005 and the results of its operations for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador to meet their information needs under Section 10 of the *Sheriff's Act, 1991*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
15 June 2005

**OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET**

31 March

2005

2004

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)		
ASSETS					
Cash	\$ 72,562	\$ 12,773	\$ 6,068	\$ 91,403	\$ 102,376
Accounts receivable	294	124,836	13,939	139,069	91,378
Inventory held in trust (Note 1)	1	-	-	1	1
	\$ 72,857	\$ 137,609	\$ 20,007	\$ 230,473	\$ 193,755
LIABILITIES					
Trust account, court orders	\$ 72,563	\$ -	\$ -	\$ 72,563	\$ 76,178
Due to Consolidated Revenue Fund	294	137,609	7	137,910	97,577
Trial and jury account, accountable advance	-	-	20,000	20,000	20,000
	\$ 72,857	\$ 137,609	\$ 20,007	\$ 230,473	\$ 193,755

See accompanying notes

Signed on behalf of the Office:


High Sheriff

**OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF OPERATIONS**

For the Year Ended 31 March

2005

2004

	Trust Fund (Note 2)	Revenue Fund (Note 3)	Trial and Jury Fund (Note 4)		
REVENUES					
Court orders	\$ 3,049,336	\$ -	\$ -	\$ 3,049,336	\$ 2,697,521
Service fees	-	1,777,535	-	1,777,535	1,236,154
Registration fees, court orders	-	319,923	-	319,923	276,510
Replenishment of trial and jury bank account	-	-	43,483	43,483	25,953
Interest	4,304	-	324	4,628	8,560
	<u>\$ 3,053,640</u>	<u>\$ 2,097,458</u>	<u>\$ 43,807</u>	<u>\$ 5,194,905</u>	<u>\$ 4,244,698</u>
EXPENSES					
Court orders	\$ 3,049,336	\$ -	\$ -	\$ 3,049,336	\$ 2,697,521
Consolidated Revenue Fund	3,614	2,097,458	324	2,101,396	1,520,468
Trial and jury expenses	-	-	43,483	43,483	25,953
Bank fees	690	-	-	690	756
	<u>\$ 3,053,640</u>	<u>\$ 2,097,458</u>	<u>\$ 43,807</u>	<u>\$ 5,194,905</u>	<u>\$ 4,244,698</u>

See accompanying notes

OFFICE OF THE HIGH SHERIFF OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Office of the High Sheriff of Newfoundland and Labrador operates under the authority of the *Judgment Enforcement Act and Regulations*, which came in force 1 June 1997, and the *Sheriff's Act, 1991*. The Office is the enforcement arm of the Supreme Court of Newfoundland and Labrador and the Provincial Courts, and has the responsibility of enforcing all monetary judgments issued by these Courts. This includes the attachment and seizure of real and personal property. The Office is also responsible for the service of court documents, the administration of the jury system and court security.

1. Basis of accounting

These financial statements have been prepared by the Office of the High Sheriff in accordance with the significant accounting policies set out below to meet the information needs of the High Sheriff of Newfoundland and Labrador and the Government of Newfoundland and Labrador under Section 10 of the *Sheriff's Act, 1991*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because revenues related to Court orders are being recognized on a cash basis and not all expenditures related to the operations of the Office of the High Sheriff are reflected in these statements.

Significant accounting policies

These financial statements have been prepared on the accrual basis of accounting except for Court order revenues which are recorded on a cash basis. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Office of the High Sheriff, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for these costs.

(b) Inventory held in trust

Inventory consists of real or personal property seized by the Office of the High Sheriff as the result of a Court order and is recorded in these financial statements at a nominal value of \$1 as valuation of these assets is not readily determinable. These assets are recorded in the records of the Office of the High Sheriff at an estimated value for administrative purposes.

2. Trust Fund

The Trust Fund has been established to accommodate amounts collected from defendants and the payment of these funds to plaintiffs.

PENINSULAS HEALTH CARE CORPORATION

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2004

AUDITORS' REPORT

To the Board of Trustees of the **Peninsulas Health Care Corporation**

We have audited the consolidated balance sheet of the **Peninsulas Health Care Corporation** as at March 31, 2004 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2004 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.


Chartered Accountants

Gander, Newfoundland

September 23, 2004

PENINSULAS HEALTH CARE CORPORATION

Consolidated Balance Sheet

March 31, 2004

2004

2003

Assets

Current assets:

Receivables (Note 3)	\$ 3,621,613	3,657,511
Inventories (Note 4)	1,099,621	1,062,496
Prepays (Note 5)	<u>1,679,018</u>	<u>1,375,320</u>
Total current assets	6,400,252	6,095,327

Trust funds held on deposit

382,796 372,104

Capital assets (Note 6)

14,371,646 16,286,669

\$ 21,154,694 22,754,100

Liabilities

Current liabilities:

Bank indebtedness (Note 7)	\$ 12,726,747	8,291,559
Payables and accruals (Note 8)	4,106,251	5,394,403
Accrued vacation pay	2,815,056	2,644,383
Deferred capital grants	640,803	1,373,300
Deferred donations - capital	-	120,751
- operating	39,274	44,653
Current portion of long-term debt	164,602	283,936
Current portion of accrued severance pay - estimated	<u>420,000</u>	<u>175,000</u>

Total current liabilities 20,912,733 18,327,985

Long-term debt (Note 9)

5,209,126 5,364,061

Trust funds payable

382,796 372,104

Accrued severance pay, less current portion of \$420,000

6,082,824 5,743,136

Unamortized deferred contributions related to capital assets (Note 10)

7,698,924 9,539,422

40,286,403 39,346,708

Net assets, per accompanying statement

Invested in capital assets

1,333,106 1,113,483

Unrestricted

(20,464,815) (17,706,091)

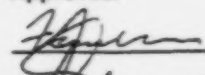
(19,131,709) (16,592,608)

Contingency (Note 16)

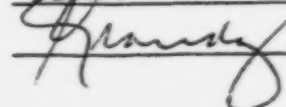
\$ 21,154,694 22,754,100

See accompanying notes

Approved:



Chairman



Secretary-Treasurer

PENINSULAS HEALTH CARE CORPORATION

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2004

	2004			2003	
	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Board Fund</u>	<u>Total</u>	<u>Total</u>
Balance, beginning: As previously reported	\$ 1,113,483	(17,706,091)	-	(16,592,608)	(14,579,196)
Prior years' adjustments to: Transfer 2002 operating grants to capital grants (Note 15)	-	-	-	-	(400,000)
	1,113,483	(17,706,091)	-	(16,592,608)	(14,979,196)
Excess (deficiency) of revenue over expenditures, per accompanying statement	(660,372)	(1,699,756)	(178,973)	(2,539,101)	(1,613,412)
Investment in capital assets (Note 11)	879,995	(879,995)	-	-	-
Transfer to Board fund	-	(178,973)	178,973	-	-
Balance, ending	<u>\$ 1,333,106</u>	<u>(20,464,815)</u>	<u>-</u>	<u>(19,131,709)</u>	<u>(16,592,608)</u>

See accompanying notes

PENINSULAS HEALTH CARE CORPORATION

Consolidated Statement of Operations

Year ended March 31, 2004

2004

2003

Revenue:

Provincial plan - operating	\$ 55,234,223	53,963,603
MCP physicians salaries	9,962,028	9,262,433
Patient-resident services - long-term care	2,104,448	2,061,980
- inpatient	311,063	202,135
- outpatient	608,892	437,625
CMHC mortgage interest subsidy (Note 9)	83,928	83,928
Other (Note 12)	<u>1,803,109</u>	<u>1,674,462</u>
	<u>70,107,691</u>	<u>67,686,166</u>

Expenditure:

Administration	6,835,328	6,498,384
Support services	14,529,286	14,100,387
Nursing inpatient services - acute	12,332,383	12,123,337
- long-term care	8,428,177	8,177,120
Ambulatory care services	4,684,017	4,498,241
Diagnostic and therapeutic services	11,053,570	10,155,926
Medical services	12,036,804	10,927,235
Education services	786,404	709,964
Other	<u>366,119</u>	<u>405,788</u>
	<u>71,052,088</u>	<u>67,596,382</u>

Surplus prior to non-shareable items	(944,397)	89,784
--------------------------------------	------------	--------

Non-shareable items:

Amortization of deferred capital grants	3,644,794	2,042,082
Amortization	(4,305,166)	(2,530,813)
Accrued vacation pay - (increase) decrease	(170,672)	(251,575)
Accrued severance pay - (increase) decrease	(584,687)	(886,082)
Board operations - net (Note 13)	<u>(178,973)</u>	<u>(76,808)</u>
	<u>(1,594,704)</u>	<u>(1,703,196)</u>

Excess (deficiency) of revenue over expenditure (Notes 14 and 16)	<u>\$ (2,539,101)</u>	<u>(1,613,412)</u>
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See accompanying notes

PENINSULAS HEALTH CARE CORPORATION

Consolidated Statement of Cash Flow

Year ended March 31, 2004

2004

2003

Cash flows:

Operations:

Excess (deficiency) of revenue over expenditure	\$(2,539,101)	(1,613,412)
Amortization	4,305,166	2,530,813
Amortization of deferred capital grants	<u>(3,644,794)</u>	<u>(2,042,082)</u>
	(1,878,729)	(1,124,681)

Changes in:

Receivables	35,898	1,238,441
Inventories	(37,125)	(125,746)
Prepays	(303,698)	345,698
Payables and accruals	(1,288,152)	332,006
Accrued vacation pay	170,672	251,576
Deferred capital grants	(732,497)	(17,845)
Deferred donations	(126,130)	(181,813)
Accrued severance pay	<u>584,688</u>	<u>886,082</u>
	<u>(3,575,073)</u>	<u>1,603,718</u>

Investing:

Additions to capital assets	<u>(2,390,142)</u>	<u>(2,531,102)</u>
-----------------------------	---------------------	--------------------

Financing:

Capital lease of infusion pumps	14,646	-
Repayment of long-term debt	(288,915)	(557,893)
Grants received for the purchase of capital assets	1,313,433	2,015,307
Donations received for the purchase of capital assets	<u>490,863</u>	<u>700,709</u>
	<u>1,530,027</u>	<u>2,158,123</u>

Net increase (decrease) in cash (4,435,188) 1,230,739

Cash, net of bank indebtedness:

Beginning	<u>(8,291,559)</u>	<u>(9,522,298)</u>
Ending (Note 7)	<u>\$(12,726,747)</u>	<u>(8,291,559)</u>

See accompanying notes

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2004

1. Nature of operations:

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Peninsulas Health Care Corporation Board.

Facilities

Dr. G.B. Cross Memorial Hospital
Burin Peninsula Health Care Centre
Bonavista Peninsula Health Centre
Blue Crest Nursing Home

Golden Heights Manor Nursing Home
Grand Bank Community Health Centre
U.S. Memorial Health Centre

Clinics

English Harbour East
Grand LePierre
Parker's Cove
Petit Fort

South East Bight
St. Lawrence
Terrenceville
Trinity

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Board.

2. Summary of significant accounting policies:

Inventories

Inventories are valued determined on the first in first out basis as follows:

General stores, at average cost
Drugs, at cost

Capital assets

The Corporation has control over certain land, buildings and equipment, with the title resting with the Province of Newfoundland and Labrador. These assets are not recorded under capital assets.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution.

Capital assets are being amortized on a straight line basis over their estimated useful lives. Effective at the beginning of this year, the Corporation reassessed the useful lives of its assets and changed its annual straight line percentages to reflect the revised useful lives.

(Continued . . .)

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (continued):

Capital assets (continued):

The revised percentages for the current year and those applied in previous years are as follows:

	<u>Current</u>	<u>Previous</u>
Land improvements	20%	10%
Buildings	2.5%	2.5 - 10%
Building service equipment	2.5%	10%
Equipment	20%	6.7 - 33.3%
Computer hardware	25%	30%
Computer software	14.3%	33.3%
Vehicles	20%	25%

Revenue recognition

Peninsulas Health Care Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates which the related capital assets are amortized.

3. Receivables:

	<u>2004</u>	<u>2003</u>
Provincial plan revenue grants - operating	\$ 343,816	186,777
Capital grants	150,000	945,000
Patients, capital donations, rents and other	1,296,483	973,105
MCP	1,522,746	1,390,349
HST	131,296	114,274
Cottage complexes	<u>314,467</u>	<u>176,843</u>
	3,758,808	3,786,348
Allowance for doubtful	<u>137,195</u>	<u>128,837</u>
	<u>\$ 3,621,613</u>	<u>3,657,511</u>

4. Inventories:

	<u>2004</u>	<u>2003</u>
General stores	\$ 765,006	720,242
Drugs	<u>334,615</u>	<u>342,254</u>
	<u>\$ 1,099,621</u>	<u>1,062,496</u>

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2004

5. Prepaids:

	<u>2004</u>	<u>2003</u>
Workers' Compensation	\$ 1,010,656	902,720
Equipment maintenance	449,510	338,348
Other	<u>218,852</u>	<u>134,252</u>
	<u>\$ 1,679,018</u>	<u>1,375,320</u>

6. Capital assets:

	<u>2004</u>		<u>2003</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Land and land improvements	\$ 240,844	56,436	184,408
Buildings	15,251,642	7,645,456	7,606,186
Equipment	28,568,717	22,069,212	6,499,505
Software	2,454,078	2,425,360	28,718
Motor vehicles	<u>267,323</u>	<u>214,494</u>	<u>52,829</u>
	<u>\$ 46,782,604</u>	<u>32,410,958</u>	<u>14,371,646</u>
			<u>16,286,669</u>

7. Bank indebtedness:

	<u>2004</u>	<u>2003</u>
Cash	\$ 73,420	61,128
Due to bank on current accounts	<u>(12,800,167)</u>	<u>(8,352,687)</u>
	<u>\$(12,726,747)</u>	<u>(8,291,559)</u>

The Board has access to a \$12 million line of credit in the form of revolving demand loans and/or bank overdrafts, bearing interest at Bank of Nova Scotia prime minus ¼%. These loans have been approved by the Minister of Health and Community Services.

Although the above bank indebtedness based on the accrual method of accounting is in excess of the approved limit, the actual overdrafts at the bank at year end amounted to \$10,616,356, which is within the approved limits.

8. Payables and accruals:

	<u>2004</u>	<u>2003</u>
Trade	\$ 1,532,480	3,043,348
Payroll deductions	545,943	449,871
Accrued - wages	1,933,312	1,544,929
- other	<u>94,516</u>	<u>356,255</u>
	<u>\$ 4,106,251</u>	<u>5,394,403</u>

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2004

9. Long-term debt:

	<u>2004</u>	<u>2003</u>
5.95% Royal Bank of Canada mortgage on Golden Heights Manor; repayable \$25,659 monthly, interest included; maturing July, 2023	\$ 3,546,091	3,642,480
CMHC mortgages on land and buildings:		
8%, on Blue Crest Home; repayable \$7,777 monthly, interest included; maturing November, 2025	969,705	985,826
10.5% on Golden Heights Manor; repayable \$7,549 monthly, interest included; maturing August, 2027	801,970	809,508
Scotia Mortgage Corporation mortgages on land and buildings:		
5.45%, on Viking; repayable \$138 weekly, interest included; maturing August, 2005	9,687	16,401
5.45%, on Simmons; repayable \$158 weekly, interest included; maturing August, 2005	10,552	18,297
4.90%, on Cholock; repayable \$616 monthly, interest included; maturing March, 2006	13,831	20,264
5.45%, on Prince; repayable \$176 weekly, interest included; maturing August, 2005	12,386	20,971
Capital leases:		
On infusion pumps; repayable through contracted supply purchases; maturing November, 2005	9,506	-
On telephone system; repayable \$5,181 monthly, interest included; matured during year	-	11,087
On CT scanner; repayable \$31,214 monthly, interest included; matured during year	-	123,163
	<u>5,373,728</u>	<u>5,647,997</u>
Less current portion	<u>164,602</u>	<u>283,936</u>
	<u>\$ 5,209,126</u>	<u>5,364,061</u>

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2005	\$ 164,602
2006	156,792
2007	146,112
2008	155,872
2009	166,312

Interest subsidy

The Board has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2004 was \$83,928 (2003 - \$83,928).

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2004

10. Unamortized deferred contributions related to capital assets:

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contribution balance for the year are as follows:

	<u>2004</u>	<u>2003</u>
Balance, beginning	\$ 9,539,422	8,865,488
Add (deduct):		
Capital asset grants	1,313,433	2,015,307
Donations for capital assets	<u>490,863</u>	<u>700,709</u>
	11,343,718	11,581,504
Less amortization	<u>3,644,794</u>	<u>2,042,082</u>
Balance, ending	<u>\$ 7,698,924</u>	<u>9,539,422</u>

11. Investment in capital assets:

	<u>2004</u>	<u>2003</u>
Repayment of long-term debt	\$ 288,915	557,893
Less above payments funded by capital grants	<u>(117,929)</u>	<u>(353,717)</u>
	170,986	204,176
Purchase of capital assets with unrestricted resources	<u>709,009</u>	<u>168,804</u>
	<u>\$ 879,995</u>	<u>372,980</u>

12. Other revenue:

	<u>2004</u>	<u>2003</u>
Recoveries - dietary	\$ 320,985	325,544
- salaries	411,902	311,707
- medical supplies and drugs	900,560	866,975
Rent	25,272	26,453
Miscellaneous	<u>144,390</u>	<u>143,783</u>
	<u>\$ 1,803,109</u>	<u>1,674,462</u>

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2004

13. Board operations - net:

	2004	2003
Revenue:		
Interest	\$ 2,516	2,542
Preferred accommodations	3,541	36,611
Bursary recovery and other	-	102
	<u>6,057</u>	<u>39,255</u>
Expenditure:		
Bank charges and interest	<u>185,030</u>	<u>116,063</u>
	<u>\$(178,973)</u>	<u>(76,808)</u>

14. Commitments:

Operating leases

The Corporation has a number of agreements whereby it leases equipment and property in addition to those disclosed under Note 9. These agreements range in terms from one to five years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2005	\$ 368,726
2006	263,079
2007	223,609
2008	223,609
2009	223,609

Energy Performance Contract

The Corporation entered into an Energy Performance Contract with Honeywell Limited in September, 2001 for the design and implementation of measures to improve energy efficiency, wherein Honeywell Limited guaranteed the energy savings component.

The contract is for \$1,316,846 and is to be repaid from operating and energy savings over a seven year period which commenced in September, 2002.

As support for the financing, Honeywell Limited has assigned to Scotiabank any funds due to them by the Corporation for the energy savings component of the contract.

In the opinion of management of the Corporation, the guaranteed energy savings component of Honeywell Limited is an offset to the obligation of the Corporation to Scotiabank, and as a consequence neither the capital expenditure or the financing obligation is reflected in the financial statements of the Corporation at March 31, 2004.

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2004

15. Prior year's adjustment:

Conversion of operating funds to capital:

During 2003, Government approval was given to convert \$400,000 of 2002 operating revenue grants to capital grants to help offset capital expenditure overruns in previous years.

The effect of this conversion was retroactively reflected in the financial statements for 2002.

16. Contingency:

As of March 31, 2004 there were a number of legal claims against the Corporation in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

PENINSULAS HEALTH CARE CORPORATION

AUDITORS' REPORT

FINANCIAL STATEMENTS - MARCH 31, 2005

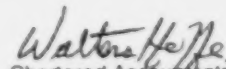
AUDITORS' REPORT

To the Board of Trustees of the **Peninsulas Health Care Corporation**

We have audited the consolidated balance sheet of the **Peninsulas Health Care Corporation** as at March 31, 2005 and the statements of changes in net assets, operations and cash flow for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and the changes in its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.


Chartered Accountants

Gander, Newfoundland

June 24, 2005

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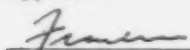
PENINSULAS HEALTH CARE CORPORATION

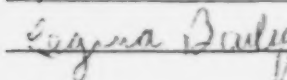
Consolidated Balance Sheet

March 31, 2005	2005	2004
Assets		
Current assets:		
Receivables (Note 3)	\$ 2,802,175	3,621,613
Inventories (Note 4)	1,013,746	1,099,621
Prepays (Note 5)	<u>1,582,539</u>	<u>1,679,018</u>
Total current assets	5,398,460	6,400,252
Trust funds held on deposit	300,068	382,796
Capital assets (Note 6)	<u>12,810,025</u>	<u>14,371,646</u>
	<u>\$ 18,508,553</u>	<u>21,154,694</u>
Liabilities		
Current liabilities:		
Bank indebtedness (Note 7)	\$ 12,003,676	12,726,747
Payables and accruals (Note 8)	3,821,632	4,106,251
Accrued vacation pay	3,122,450	2,815,056
Deferred grants - capital	955,972	640,803
- operating	266,441	-
Deferred donations - operating	38,566	39,274
Current portion of long-term debt	179,214	164,602
Current portion of accrued severance pay - estimated	<u>420,625</u>	<u>420,000</u>
Total current liabilities	20,808,576	20,912,733
Long-term debt (Note 9)	5,052,717	5,209,126
Trust funds payable	300,068	382,796
Accrued severance pay, less current portion of \$420,625	6,502,505	6,082,824
Unamortized deferred contributions related to capital assets (Note 10)	<u>6,569,816</u>	<u>7,698,924</u>
	<u>39,233,682</u>	<u>40,286,403</u>
Net assets, per accompanying statement		
Invested in capital assets	1,104,722	1,333,106
Unrestricted	<u>(21,829,851)</u>	<u>(20,464,815)</u>
	<u>(20,725,129)</u>	<u>(19,131,709)</u>
Contingency (Note 15)	<u>\$ 18,508,553</u>	<u>21,154,694</u>

See accompanying notes

Approved:

 Chairman

 Secretary-Treasurer

PENINSULAS HEALTH CARE CORPORATION

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2005

	<u>2005</u>				<u>2004</u>
	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>	<u>Board Fund</u>	<u>Total</u>	<u>Total</u>
Balance, beginning	\$ 1,333,106	(20,464,815)	-	(19,131,709)	(16,592,608)
Excess (deficiency) of revenue over expenditures, per accompanying statement	(582,748)	(793,922)	(216,750)	(1,593,420)	(2,539,101)
Investment in capital assets (Note 11)	292,032	(292,032)	-	-	-
Transfer to Board fund	-	(216,750)	216,750	-	-
Balance, ending	<u>\$ 1,042,390</u>	<u>(21,767,519)</u>	<u>-</u>	<u>(20,725,129)</u>	<u>(19,131,709)</u>

See accompanying notes

PENINSULAS HEALTH CARE CORPORATION

Consolidated Statement of Operations

<u>Year ended March 31, 2005</u>	<u>2005</u>	<u>2004</u>
Revenue:		
Provincial plan - operating	\$ 55,340,907	55,234,223
MCP physicians salaries	10,263,154	9,962,028
Patient-resident services - long-term care	2,025,884	2,104,448
- inpatient	411,480	311,063
- outpatient	735,040	608,892
CMHC mortgage interest subsidy (Note 9)	43,506	83,928
Other (Note 12)	<u>1,725,337</u>	<u>1,803,109</u>
	<u>70,545,308</u>	<u>70,107,691</u>
Expenditure:		
Administration	6,337,056	6,835,328
Support services	14,379,774	14,529,286
Nursing inpatient services - acute	12,336,372	12,332,383
- long-term care	8,631,015	8,428,177
Ambulatory care services	4,634,579	4,684,017
Diagnostic and therapeutic services	11,005,700	11,053,570
Medical services	12,219,423	12,036,804
Education services	731,162	786,404
Other	<u>336,449</u>	<u>366,119</u>
	<u>70,611,530</u>	<u>71,052,088</u>
Surplus (deficit) prior to non-shareable items	(66,222)	(944,397)
Non-shareable items:		
Amortization of deferred capital grants	2,613,211	3,644,794
Amortization	(3,195,959)	(4,305,166)
Accrued vacation pay - (increase) decrease	(307,394)	(170,672)
Accrued severance pay - (increase) decrease	(420,306)	(584,687)
Board operations - net (Note 13)	<u>(216,750)</u>	<u>(178,973)</u>
	<u>(1,527,198)</u>	<u>(1,594,704)</u>
Excess (deficiency) of revenue over expenditure (Notes 14 and 15)	<u>\$ (1,593,420)</u>	<u>(2,539,101)</u>

See accompanying notes

PENINSULAS HEALTH CARE CORPORATION

Consolidated Statement of Cash Flow

Year ended March 31, 2005

2005

2004

Cash flows:

Operations:

Excess (deficiency) of revenue over expenditure	\$ (1,593,420)	(2,539,101)
Amortization	3,195,959	4,305,166
Amortization of deferred capital grants	(2,613,211)	(3,644,794)
	(1,010,672)	(1,878,729)

Changes in:

Receivables	819,438	35,898
Inventories	85,875	(37,125)
Prepays	96,479	(303,698)
Payables and accruals	(284,619)	(1,288,152)
Accrued vacation pay	307,394	170,672
Deferred grants - capital	315,169	(732,497)
- operating	266,441	-
Deferred donations	(708)	(126,130)
Accrued severance pay	420,306	584,688
	1,015,103	(3,575,073)

Investing:

Additions to capital assets	(1,634,337)	(2,390,142)
-----------------------------	---------------------	---------------------

Financing:

Capital lease of infusion pumps	-	14,646
Repayment of long-term debt	(141,797)	(288,915)
Grants received for the purchase of capital assets	1,065,271	1,313,433
Donations received for the purchase of capital assets	418,831	490,863
	1,342,305	1,530,027

Net increase (decrease) in cash	723,071	(4,435,188)
---------------------------------	----------------	---------------------

Cash, net of bank indebtedness:

Beginning	(12,726,747)	(8,291,559)
Ending (Note 7)	\$ (12,003,676)	(12,726,747)

See accompanying notes

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2005

1. Nature of operations:

These financial statements reflect the operating assets, liabilities, revenue and expenditure of the following facilities and clinics operated by the Peninsulas Health Care Corporation Board.

Facilities

Dr. G.B. Cross Memorial Hospital
Burin Peninsula Health Care Centre
Bonavista Peninsula Health Centre
Blue Crest Nursing Home

Golden Heights Manor Nursing Home
Grand Bank Community Health Centre
U.S. Memorial Health Centre

Clinics

English Harbour East
Grand LePierre
Parker's Cove
Petit Fort

South East Bight
St. Lawrence
Terrenceville
Trinity

The operations of the above entities were primarily funded by the Government of Newfoundland and Labrador (the Government) to provide health care services on the Government's behalf, causing all entities to be effectively under common control. As a result, these financial statements have been prepared using the pooling of interest method of accounting. Under this method, the book values of assets, liabilities and net assets of each of the entities being combined are added together to form the combined value of assets, liabilities and net assets of the Board.

2. Summary of significant accounting policies:

Inventories

Inventories are valued determined on the first in first out basis as follows:

General stores, at average cost
Drugs, at cost

Capital assets

The Corporation has control over certain land, buildings and equipment, with the title resting with the Province of Newfoundland and Labrador. These assets are not recorded under capital assets.

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution.

(Continued . . .)

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2005

2. Summary of significant accounting policies (continued):

Capital assets are being amortized on a straight line basis over their estimated useful lives at the following rates:

Land improvements	20%
Buildings	2.5%
Building service equipment	2.5%
Equipment	20%
Computer hardware	25%
Computer software	14.3%
Vehicles	20%

Revenue recognition

Peninsulas Health Care Corporation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions related to capital assets are deferred and amortized to revenue at the same rates which the related capital assets are amortized.

3. Receivables:

	<u>2005</u>	<u>2004</u>
Provincial plan revenue grants - operating	\$ 45,400	343,816
Capital grants	103,960	150,000
Patients, capital donations, rents and other	1,502,070	1,296,483
MCP	1,260,064	1,522,746
HST	111,265	131,296
Cottage complexes	175,139	314,467
	<u>3,197,898</u>	<u>3,758,808</u>
Allowance for doubtful	<u>395,723</u>	<u>137,195</u>
	<u>\$ 2,802,175</u>	<u>3,621,613</u>

4. Inventories:

	<u>2005</u>	<u>2004</u>
General stores	\$ 686,598	765,006
Drugs	<u>327,148</u>	<u>334,615</u>
	<u>\$ 1,013,746</u>	<u>1,099,621</u>

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2005

5. Prepaids:

	<u>2005</u>	<u>2004</u>
Workers' Compensation	\$ 944,926	1,010,656
Equipment maintenance	480,467	449,510
Other	<u>157,146</u>	<u>218,852</u>
	<u>\$ 1,582,539</u>	<u>1,679,018</u>

6. Capital assets:

	<u>2005</u>			<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land and land improvements	\$ 240,844	58,316	182,528	184,408
Buildings	15,663,192	8,037,034	7,626,158	7,606,186
Equipment	29,667,956	24,785,210	4,882,746	6,499,505
Software	2,577,622	2,471,732	105,890	28,718
Motor vehicles	<u>267,324</u>	<u>254,621</u>	<u>12,703</u>	<u>52,829</u>
	<u>\$ 48,416,938</u>	<u>35,606,913</u>	<u>12,810,025</u>	<u>14,371,646</u>

7. Bank indebtedness:

	<u>2005</u>	<u>2004</u>
Cash	\$ 62,150	73,420
Due to bank on current accounts	<u>(12,065,826)</u>	<u>(12,800,167)</u>
	<u>\$(12,003,676)</u>	<u>(12,726,747)</u>

The Board has access to a \$12 million line of credit in the form of revolving demand loans and/or bank overdrafts, bearing interest at Bank of Nova Scotia prime minus ¼%. These loans have been approved by the Minister of Health and Community Services.

Although the above bank indebtedness based on the accrual method of accounting is in excess of the approved limit, the actual overdrafts at the bank at year end amounted to \$9,292,383 which is within the approved limits.

8. Payables and accruals:

	<u>2005</u>	<u>2004</u>
Trade	\$ 1,581,164	1,532,480
Payroll deductions	359,065	545,943
Accrued - wages	1,807,287	1,933,312
- other	<u>74,116</u>	<u>94,516</u>
	<u>\$ 3,821,632</u>	<u>4,106,251</u>

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2005

9. Long-term debt:

	<u>2005</u>	<u>2004</u>
5.95% Royal Bank of Canada mortgage on Golden Heights Manor; repayable \$25,659 monthly, interest included; refinanced during year	\$ -	3,546,091
CMHC mortgages on land and buildings:		
8%, on Blue Crest Home; repayable \$7,777 monthly, interest included; maturing November, 2025	951,907	969,705
10.5% on Golden Heights Manor; repayable \$7,549 monthly, interest included; maturing August, 2027	793,225	801,970
3.88% on Golden Heights Manor; repayable \$22,085 monthly, interest included; commenced March, 2005; maturing June, 2023	3,469,973	-
Scotia Mortgage Corporation mortgages on land and buildings:		
4.45%, on Viking; repayable \$138 weekly, interest included; maturing August, 2005	2,574	9,687
4.45%, on Simmons; repayable \$158 weekly, interest included; maturing August, 2005	2,316	10,552
4.45%, on Cholock; repayable \$616 monthly, interest included; maturing March, 2006	7,081	13,831
4.45%, on Prince; repayable \$176 weekly, interest included; maturing August, 2005	3,291	12,386
Capital lease:		
On infusion pumps; repayable through contracted supply purchases; maturing November, 2005	1,563	9,506
	<u>5,231,931</u>	<u>5,373,728</u>
Less current portion	<u>179,214</u>	<u>164,602</u>
	<u>\$ 5,052,717</u>	<u>5,209,126</u>

The aggregate amount of principal payments estimated to be required in each of the next five years is as follows:

2006	\$179,214
2007	170,213
2008	178,210
2009	187,480
2010	196,399

Interest subsidy

The Board has received federal assistance through Canada Mortgage and Housing Corporation pursuant to Section 56.1 of the National Housing Act to reduce operating costs. The amount of assistance received from Newfoundland and Labrador Housing Corporation in 2005 was \$43,506 (2004 - \$83,928).

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2005

10. Unamortized deferred contributions related to capital assets:

Deferred contributions related to capital assets represent restricted contributions with which capital assets were originally purchased. The changes in the deferred contribution balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning	\$ 7,698,925	9,539,422
Add:		
Capital asset grants	1,065,271	1,313,433
Donations for capital assets	<u>418,831</u>	<u>490,863</u>
	9,183,027	11,343,718
Less amortization	<u>2,613,211</u>	<u>3,644,794</u>
Balance, ending	<u>\$ 6,569,816</u>	<u>7,698,924</u>

11. Investment in capital assets:

	<u>2005</u>	<u>2004</u>
Repayment of long-term debt	\$ 141,797	288,915
Less above payments funded by capital grants	<u>-</u>	<u>(117,929)</u>
	141,797	170,986
Purchase of capital assets with unrestricted resources	<u>150,235</u>	<u>709,009</u>
	<u>\$ 292,032</u>	<u>879,995</u>

12. Other revenue:

	<u>2005</u>	<u>2004</u>
Recoveries - dietary	\$ 325,836	320,985
- salaries	430,371	411,902
- medical supplies and drugs	849,101	900,560
Rent	52,609	25,272
Miscellaneous	<u>67,420</u>	<u>144,390</u>
	<u>\$ 1,725,337</u>	<u>1,803,109</u>

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2005

13. Board operations - net:

	<u>2005</u>	<u>2004</u>
Revenue:		
Interest	\$ 2,932	2,516
Preferred accommodations	<u>5,015</u>	<u>3,541</u>
	<u>7,947</u>	<u>6,057</u>
Expenditure:		
Bank charges and interest	<u>224,697</u>	<u>185,030</u>
	<u>\$(216,750)</u>	<u>(178,973)</u>

14. Commitments:

Operating leases

The Corporation has a number of agreements whereby it leases equipment and property in addition to those disclosed under Note 9. These agreements range in terms from one to five years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases are as follows:

2006	\$ 312,878
2007	265,356
2008	236,900
2009	276,176
2010	233,959

Energy Performance Contract

The Corporation entered into an Energy Performance Contract with Honeywell Limited in September, 2001 for the design and implementation of measures to improve energy efficiency, wherein Honeywell Limited guaranteed the energy savings component.

The contract is for \$1,316,846 and is to be repaid from operating and energy savings over a seven year period which commenced in September, 2002.

As support for the financing, Honeywell Limited has assigned to Scotiabank any funds due to them by the Corporation for the energy savings component of the contract.

In the opinion of management of the Corporation, the guaranteed energy savings component of Honeywell Limited is an offset to the obligation of the Corporation to Scotiabank, and as a consequence neither the capital expenditure or the financing obligation is reflected in the financial statements of the Corporation at March 31, 2005.

PENINSULAS HEALTH CARE CORPORATION

Notes to the Financial Statements

March 31, 2005

15. Contingency:

As of March 31, 2005 there were a number of legal claims against the Corporation in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Corporation with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

16. Subsequent event:

On April 1, 2005 the Peninsulas Health Care Corporation was amalgamated with various hospitals, community health services and long-term care boards in Eastern Newfoundland and the Avalon Peninsula to form the Eastern Regional Integrated Health Authority.

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

FINANCIAL STATEMENTS

31 DECEMBER 2003



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Private Training Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Private Training Corporation, Train Out Fund as at 31 December 2003 and the statements of revenue, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
19 May 2004

PRIVATE TRAINING CORPORATION
 TRAIN OUT FUND
 BALANCE SHEET

31 December

2003

2002

ASSETS

Current

Cash	\$ 308,551	\$ 246,869
Short-term investments, at cost	304,792	-
Accounts receivable (Note 2)	43,396	83,028
Bond receivable	100,000	-
	<u>\$ 756,739</u>	<u>\$ 329,897</u>

LIABILITIES AND SURPLUS

Current

Accounts payable	\$ 3,721	\$ 3,110
Train out payable	68,630	68,630
	72,351	71,740
Surplus	684,388	258,157
	<u>\$ 756,739</u>	<u>\$ 329,897</u>

See accompanying notes

Signed on behalf of the Corporation:

Chairperson

Director

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
STATEMENT OF REVENUE, EXPENSES AND SURPLUS
For the Year Ended 31 December

	2003	2002
REVENUE		
Contributions from institutions	\$ 234,434	\$ 248,063
Surety claims	200,000	125,000
Interest	8,214	2,504
	<u>442,648</u>	<u>375,567</u>
EXPENSES		
Audit fees	2,292	2,807
Bad debt	6,849	-
Board expenses	3,378	6,003
Chairperson stipend	3,353	3,731
Interest expense	-	3,239
Office expense	545	742
Train out expense	-	86,927
	<u>16,417</u>	<u>103,449</u>
Excess of revenue over expenses	426,231	272,118
Surplus (Deficit), beginning of year	258,157	(13,961)
Surplus, end of year	<u>\$ 684,388</u>	<u>\$ 258,157</u>

See accompanying notes

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
STATEMENT OF CASH FLOWS
For the Year Ended 31 December

	2003	2002
Cash flows from operating activities		
Excess of revenue over expenses	\$ 426,231	\$ 272,118
Change in non-cash working capital		
Accounts receivable	39,632	9,455
Bond receivable	(100,000)	-
Accounts payable	611	(1,747)
Interest payable	-	(260)
Train out payable	-	(7,442)
	366,474	272,124
Cash flows from financing activities		
Repayment of loans	-	(85,930)
Net increase in cash and cash equivalents	366,474	186,194
<u>Cash and cash equivalents, beginning of year</u>	<u>246,869</u>	<u>60,675</u>
<u>Cash and cash equivalents, end of year</u>	<u>\$ 613,343</u>	<u>\$ 246,869</u>
Cash and cash equivalents include:		
Cash	\$ 308,551	\$ 246,869
Short-term investments	304,792	-
	\$ 613,343	\$ 246,869

See accompanying notes

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
NOTES TO FINANCIAL STATEMENTS
31 December 2003

Authority

The Private Training Corporation (the Corporation), established 1 January 1999, operates under the authority of the *Private Training Institutions Act*. The purpose of the Corporation is to operate the Train Out Fund to provide compensation to students to complete their training where a private training institution fails to fulfill its training to students due to closure, and to monitor the financial operations of all private training institutions. Private training institutions make contributions to the Fund based on a percentage of the student tuition.

1. Significant accounting policies

These financial statements have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles.

2. Accounts receivable

	2003	2002
Contributions from institutions	\$ 50,245	\$ 83,028
Less: Allowance for doubtful accounts	(6,849)	-
	<u>\$ 43,396</u>	<u>\$ 83,028</u>

3. Financial instruments

The Corporation's financial instruments recognized in the balance sheet consist of cash, short-term investments, accounts receivable, bond receivable, accounts payable, and train out payable, the carrying values of which approximate fair value due to the relatively short-term maturity associated with these instruments.

PRIVATE TRAINING CORPORATION

TRAIN OUT FUND

FINANCIAL STATEMENTS

31 DECEMBER 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

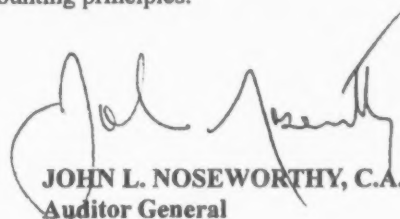
AUDITOR'S REPORT

To the Board of Directors
Private Training Corporation
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Private Training Corporation, Train Out Fund as at 31 December 2004 and the statements of revenue, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at 31 December 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
29 March 2005

**PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
BALANCE SHEET**
31 December

2004

2003

ASSETS

Current

Cash	\$ 221,816	\$ 308,551
Short-term investments, at cost	713,746	304,792
Accounts receivable (Note 2)	51,313	43,396
Bond receivable	-	100,000
	<u>\$ 986,875</u>	<u>\$ 756,739</u>

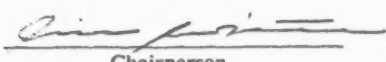
LIABILITIES AND SURPLUS

Current

Accounts payable	\$ 3,882	\$ 3,721
Train out payable	68,630	68,630
	<u>72,512</u>	<u>72,351</u>
Surplus	<u>914,363</u>	<u>684,388</u>
	<u>\$ 986,875</u>	<u>\$ 756,739</u>

See accompanying notes

Signed on behalf of the Corporation:


Chairperson


Director

PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
STATEMENT OF REVENUE, EXPENSES AND SURPLUS
For the Year Ended 31 December

	2004	2003
REVENUE		
Contributions from institutions	\$ 231,663	\$ 234,434
Surety claims	-	200,000
Interest	11,653	8,214
	<u>243,316</u>	<u>442,648</u>
EXPENSES		
Audit fees	959	2,292
Bad debt	10,000	6,849
Board expenses	-	3,378
Chairperson stipend	1,743	3,353
Office expense	639	545
	<u>13,341</u>	<u>16,417</u>
Excess of revenue over expenses	229,975	426,231
Surplus, beginning of year	684,388	258,157
Surplus, end of year	\$ 914,363	\$ 684,388

See accompanying notes

**PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
STATEMENT OF CASH FLOWS
For the Year Ended 31 December**

	2004	2003
Cash flows from operating activities		
Excess of revenue over expenses	\$ 229,975	\$ 426,231
Change in non-cash working capital		
Accounts receivable	(7,917)	39,632
Bond receivable	100,000	(100,000)
Accounts payable	161	611
Net increase in cash and cash equivalents	322,219	366,474
Cash and cash equivalents, beginning of year	613,343	246,869
Cash and cash equivalents, end of year	\$ 935,562	\$ 613,343
Cash and cash equivalents include:		
Cash	\$ 221,816	\$ 308,551
Short-term investments, at cost	713,746	304,792
	\$ 935,562	\$ 613,343

See accompanying notes

**PRIVATE TRAINING CORPORATION
TRAIN OUT FUND
NOTES TO FINANCIAL STATEMENTS
31 December 2004**

Authority

The Private Training Corporation (the Corporation), established 1 January 1999, operates under the authority of the *Private Training Institutions Act*. The purpose of the Corporation is to operate the Train Out Fund to provide compensation to students to complete their training where a private training institution fails to fulfill its training to students due to closure, and to monitor the financial operations of all private training institutions. Private training institutions make contributions to the Fund based on a percentage of the student tuition.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles.

2. Accounts receivable

	2004	2003
Contributions from institutions	\$ 68,162	\$ 50,245
Less: Allowance for doubtful accounts	16,849	6,849
	<u>\$ 51,313</u>	<u>\$ 43,396</u>

3. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, short-term investments, accounts receivable, bond receivable, accounts payable, and train out payable. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them. Any estimated impairment of accounts receivable has been provided for through an allowance for doubtful accounts and no further credit risk exists in relation to the financial instruments.

**PROVINCE OF NEWFOUNDLAND AND LABRADOR
POOLED PENSION FUND**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

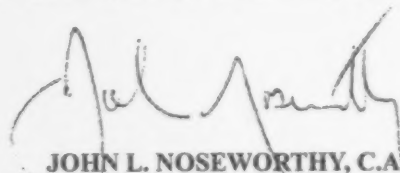
AUDITOR'S REPORT

To the Trustee
Province of Newfoundland and Labrador
Pooled Pension Fund
St. John's, Newfoundland and Labrador

I have audited the consolidated statement of net assets available for benefits of the Province of Newfoundland and Labrador Pooled Pension Fund as at 31 December 2004 and the consolidated statement of changes in net assets available for benefits for the year then ended. These financial statements are the responsibility of the Fund's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the net assets available for benefits of the Fund as at 31 December 2004 and the changes in its net assets available for benefits for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
29 March 2005

**PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS**

31 December	2004	2003
	(000's)	(000's)
ASSETS		
Investments (Note 2)		
Short-term notes and deposits	\$ 92,984	\$ 49,468
Bonds and debentures	538,154	532,858
Equities - Canadian	1,303,451	1,153,891
- Foreign	777,066	682,316
Real estate (Note 3)	125,425	94,294
	<u>2,837,080</u>	<u>2,512,827</u>
Receivables		
Employee contributions	3,576	3,015
Employer contributions	3,514	2,964
Accrued investment income	7,806	6,661
Accounts receivable	126	114
	<u>15,022</u>	<u>12,754</u>
Cash	<u>14,246</u>	<u>7,801</u>
Prepaid expenses	94	51
Deferred charges	1,789	1,126
	<u>2,868,231</u>	<u>2,534,559</u>
LIABILITIES		
Accounts payable and accrued liabilities	4,137	3,903
Refunds payable	433	540
Due to Province of Newfoundland and Labrador	1,754	776
Mortgages payable (Note 4)	65,269	46,194
	<u>71,593</u>	<u>51,413</u>
NET ASSETS AVAILABLE FOR BENEFITS	\$ 2,796,638	\$ 2,483,146

Signed on behalf of the Fund:

Layne Sullivan
Minister of Finance
Trustee

See accompanying notes

[Signature]
Chairperson
Pension Investment Committee

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Year Ended 31 December

2004

2003

	Public Service Pension Plan	Teachers' Pension Plan	Uniformed Services Pension Plan	Members of the House of Assembly Pension Plan	Provincial Court Judges' Pension Plan (Note 13)	Total	Total
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Increase in net assets							
Investments (Note 5)							
Investment income	\$ 67,098	\$ 29,237	\$ 1,567	\$ 592	\$ 49	\$ 98,543	\$ 73,816
Gain on sale of investments	49,167	21,425	1,148	433	36	72,209	6,138
Current period change in market value of investments	80,160	34,929	1,872	706	58	117,725	264,063
	196,425	85,591	4,587	1,731	143	288,477	344,017
Contributions							
Employee	78,013	36,430	2,330	395	198	117,366	115,750
Employer (Note 6)	77,256	34,458	2,320	395	198	114,627	112,886
Special payments (Note 6)	60,000	76,000	20,000	7,500	-	163,500	163,500
	411,694	232,479	29,237	10,021	539	683,970	736,153
Decrease in net assets							
Pensions	148,840	180,553	13,225	4,352	-	346,970	319,604
Refund of contributions with interest	11,260	1,589	836	1	-	13,686	11,892
Administrative costs (Note 7)	6,532	2,603	204	123	35	9,497	8,626
Transfers to other plans (Note 13)	-	-	-	-	325	325	-
	166,632	184,745	14,265	4,476	360	370,478	340,122
Total increase in net assets	245,062	47,734	14,972	5,545	179	313,492	396,031
Net assets available for benefits, beginning of year	1,676,412	765,591	29,000	11,116	1,027	2,483,146	2,087,115
Net assets available for benefits, end of year	\$1,921,474	\$813,325	\$43,972	\$16,661	\$1,206	\$2,796,638	\$2,483,146

See accompanying notes

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

Authority and description

The Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) was created 1 July 1980 under the authority of the *Pensions Funding Act* for the purpose of providing for the funding of pension plans sponsored by the Province. The affairs of the Fund are managed by the Minister of Finance, as Trustee of the Fund. Section 9 of the *Act* states that where there are insufficient assets to meet the obligations of the Fund, or the equity apportioned to a plan is insufficient to meet the obligations of the plan, the Minister shall pay out of the Consolidated Revenue Fund sufficient monies as may be necessary to cover the deficiency.

The following pension plans participate in the Fund: Public Service Pension Plan, Teachers' Pension Plan, Uniformed Services Pension Plan, Members of the House of Assembly Pension Plan and the Provincial Court Judges' Pension Plan.

(a) Public Service Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering full-time employees of the Government of the Province of Newfoundland and Labrador and various Crown corporations, agencies and commissions created by or under a statute of the Province.

(ii) Employee contributions

Employee contributions are equal to 8.6% of the Canada Pension Plan (CPP) basic exemption, plus 6.8% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.6% of the employee's salary in excess of the YMPE.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best five years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967.

Employees who have reached age 50 and have at least 30 years of service are permitted to retire with a 0.5% reduction in pension benefit for each month under age 55.

Employees who have reached age 55 and have 30 years of service may retire with an unreduced pension. Employees age 55 or greater with less than 30 years service and with age and service equal to 85 may retire with a pension reduced by 0.5% for each month under age 60.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

Authority and description (cont.)

(a) Public Service Pension Plan (cont.)

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. Where an employee with at least 5 years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

(vi) Death refunds

The commuted value of the pension entitlement is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or commuted value.

(viii) Indexing

Effective 1 October 2002 and each 1 October thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit.

(b) Teachers' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering teachers employed by school boards or the Province of Newfoundland and Labrador and full-time employees of the Newfoundland and Labrador Teachers' Association.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(ii) Employee contributions

Employee contributions are equal to 9.35% of salary.

(iii) Accrued service pensions

A service pension is available based on $1/45^{\text{th}}$ of the member's best five years average salary times years of pensionable service prior to 1 January 1991, plus 2% of the member's best five years average salary times years of pensionable service after 1 January 1991. When a member who retired after 31 August 1998 reaches age 65, this pension is reduced by 0.6% of the member's best five years average salary up to average YMPE times years of pensionable service after 1 April 1967.

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service.

(vi) Death refunds

A refund equal to employee's contributions with interest is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, a teacher may elect to receive a refund of the teacher's own contributions with interest or, if the teacher has at least five years pensionable service, may elect to receive a deferred pension.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

Authority and description (cont.)

(b) Teachers' Pension Plan (cont.)

(viii) Indexing

Effective 1 September 2002 and each 1 September thereafter the amount of a pension or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual pension or survivor benefit. This provision only applies to a pension or survivor benefit where the teacher to whom that pension or benefit relates retires after 31 August 1998.

(c) Uniformed Services Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering members of the Royal Newfoundland Constabulary, warders at various Provincial correctional institutions, and some members of the St. John's Regional Fire Department.

(ii) Employee contributions

Employee contributions are equal to 8.5% of the Canada Pension Plan (CPP) basic exemption, plus 6.7% of the employee's salary between the CPP basic exemption and the Year's Maximum Pensionable Earnings (YMPE) under the CPP, plus 8.5% of the employee's salary in excess of the YMPE. Grandfathered members contribute an additional 3.5% of salary, which is also matched by the Province.

(iii) Accrued service pensions

A service pension is available based on the number of years of pensionable service times 2% of the member's best three years average salary. When a retired member reaches age 65, this pension is reduced by 0.6% of the member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967. Grandfathered members have higher service pensions in recognition of higher contributions (as set out in Employee contributions above).

(iv) Disability pensions

A disability pension equal to the accrued service pension is available on permanent incapacity at any age with a minimum of five years pensionable service.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

Authority and description (cont.)

(c) Uniformed Services Pension Plan (cont.)

(v) Survivor pensions

A survivor pension of 60% of the member's accrued service pension is paid to the surviving principal beneficiary (and on the surviving principal beneficiary's death, to dependent children) following the death of a pensioner, a deferred pensioner or an employee with at least five years pensionable service. For grandfathered members, the survivor pension is 55% of the member's accrued service pension. Where an employee with at least 5 years pensionable service dies before receiving a pension and a survivor benefit is payable, the surviving principal beneficiary may elect to receive either the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the employee's pension entitlement.

(vi) Death refunds

The commuted value of the pension entitlement is payable when a survivor pension is not payable.

(vii) Termination benefits

On termination of employment, an employee may elect to receive a refund of the employee's own contributions with interest or, if the employee has at least five years pensionable service, may elect to receive a deferred pension or the commuted value.

(d) Members of the House of Assembly Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering Members of the House of Assembly.

(ii) Member contributions

Members and Ministers are each required to pay 9% of their pensionable salary during the time served as a Member or Minister (may exclude first term).

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

Authority and description (cont.)

(d) Members of the House of Assembly Pension Plan (cont.)

(iii) Accrued service pensions

A service pension is available, subject to age and years of service criteria, after serving as a Member in at least two General Assemblies and for at least five years. The Member's pension is based on a percentage of the average of the Member's pensionable salary for the best three calendar years. The percentage is calculated as 5% for each of the first ten years, 4% for each of the next five years and 2.5% for each of the next two years of service as a Member. Ministers receive an additional pension calculated similarly and based on service and pensionable salary as a Minister (excluding Member's salary).

For Members elected for the first time after the 43rd General Assembly the percentage is calculated as 5% for each of the first ten years and 2.5% for each of the next ten years. For all Members who retired after 31 March 1998, when they reach age 65, this pension is reduced by 0.6% of the Member's best three years average salary up to average YMPE times years of pensionable service after 1 April 1967.

(iv) Disability pensions

A disability pension equal to the greater of the accrued service pension or 40% of pensionable salary is available if a Member becomes permanently disabled.

(v) Survivor pensions

A survivor pension of the greater of 60% of the accrued service pension or 25% of the last pensionable salary the Member received is paid to the spouse following the death of a Member who is eligible for a service pension. A benefit of 1/6th of the spouse's allowance is payable for each surviving dependent child (1/3rd if no surviving spouse).

(vi) Death refunds

A refund of the Member's contributions with interest is payable when a survivor pension is not payable.

(vii) Termination benefits

A Member who ceases to be a Member may elect to receive a refund of contributions with interest or, subject to eligibility criteria, may elect to receive a deferred pension.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

Authority and description (cont.)

(e) Provincial Court Judges' Pension Plan

(i) General

The Plan is a contributory defined benefit pension plan covering all Provincial Court judges appointed on or after 1 April 2002, and to a judge who elected on or before 1 April 2002 to join the Plan.

The Plan is comprised of two components, a Registered Plan, which provides registered pension benefits allowable under the *Income Tax Act* (Canada), and a Supplementary Plan, which provides benefits in excess of the *Income Tax Act* (Canada) maximum benefit limits. These financial statements include only amounts that pertain to the Registered Plan.

(ii) Judges' contributions

Judges are required to pay 9% of their pensionable salary to the Registered Plan, up to the maximum allowed under the *Income Tax Act* (Canada). Amounts in excess of the maximum allowed are paid to the Supplementary Plan. Judges' contributions cease when they have accrued and paid contributions for twenty years of pensionable service.

(iii) Calculation of allowances on retirement

The annual amount of the allowance paid from the Registered Plan to a vested judge on normal retirement is the product of 2% of his or her annual salary on ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. The amount shall not exceed the maximum allowable benefit as determined under the *Income Tax Act* (Canada).

The annual amount of the allowance paid from the Supplementary Plan to a vested judge on normal retirement is the product of 3.33% of his or her annual salary on ceasing to be a judge, multiplied by the number of years of service as a judge, to a maximum of 20 years. A judge's supplementary allowance is reduced by the amount of the judge's registered allowance.

Normal retirement date is the first day of the month following the judge's 65th birthday.

(iv) Survivor benefits

A survivor benefit equal to 60% of the pensioner's or judge's registered allowance that he or she would have received had he or she reached age 65 on the date of death is paid to the surviving principal beneficiary. If a judge dies before receiving an allowance and a survivor benefit is payable, the surviving principal beneficiary may elect to receive the survivor benefit, or the greater of the commuted value of the survivor benefit and the commuted value of the judge's entitlement.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

Authority and description (cont.)

(e) Provincial Court Judges' Pension Plan (cont.)

(v) Death refunds

The commuted value of the entitlement of a judge is payable when a survivor benefit is not payable.

(vi) Termination benefits

A judge who has stopped serving as a judge and who has less than two years of judge's service may elect to receive a refund of his or her contributions with interest.

A judge who has at least two years of judge's service may, subject to eligibility criteria, elect to transfer the commuted value of his or her entitlement under the Registered Plan to another approved retirement arrangement, receive a lump sum payment of his or her entitlement under the Supplementary Plan, or receive a deferred allowance.

(vii) Indexing

Effective 1 October 2002 and each 1 October thereafter, the amount of the allowance or survivor benefit paid to an individual who has reached the age of 65 shall be adjusted by 60% of the Consumer Price Index for Canada for the previous calendar year as published by Statistics Canada, to a maximum of 1.2% of the annual allowance or survivor benefit.

1. Significant accounting policies

These consolidated financial statements have been prepared by the Fund's management in accordance with Canadian generally accepted accounting principles. The consolidated financial statements present the aggregate financial position of the Fund as a separate financial reporting entity including the operations of its subsidiary Newvest Realty Corporation. They are prepared to assist plan members and others in reviewing the activities of the Fund for the fiscal period but they do not portray the funding requirements of the various plans or the benefit security of individual plan members. Outlined below are the significant accounting policies followed.

(a) Principles of consolidation

These consolidated financial statements include the assets, liabilities and the changes in net assets of the Fund and Newvest Realty Corporation, a wholly-owned subsidiary incorporated on 9 August 2001 under the *Canada Business Corporations Act* to invest monies received from the Fund in Canadian real estate property. Inter-entity transactions and balances have been eliminated in these consolidated financial statements.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

1. Significant accounting policies (cont.)

(b) Gains and losses on investments

The cost of sales for all investment dispositions is calculated as the weighted average of their costs.

(c) Investment income

Investment income is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of investment income is then attributed to each plan.

Investment income consists of the following:

- (i) Dividend income which is recognized as of the date of record for North American equities and as of the date of receipt for non-North American equities.
- (ii) Bank interest and interest on bonds and debentures, and short-term notes and deposits, which is recognized as it is earned.
- (iii) Real estate income which is recognized on consolidation of Newvest Realty Corporation.
- (iv) Foreign exchange gains or losses.

(d) Current period change in the market value of investments

The current period change in the market value of investments is allocated to the pension plans under the Fund based on the respective equity position, calculated on a market basis, of each plan after giving effect to a time weighting of receipts and disbursements. The proportionate share of current period change in the market value of investments is then attributed to each plan.

2. Investments

All investments are valued as follows:

- (a) Short-term notes and deposits are valued at book value which approximates market value.
- (b) Bonds and debentures are valued at the last bid price on the valuation date.
- (c) Publicly traded equities are valued at the last board lot trade for a given stock. In instances where the quoted stock has not been traded on valuation date, the price of the last board lot bid price is quoted.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

2. Investments (cont.)

- (d) The Fund holds its real estate investments through its sole ownership interest in Newvest Realty Corporation. Income producing properties acquired by the Corporation during the current year are recorded at cost. These properties are presented at their appraised values in accordance with the Corporation's appraisal policy which requires that properties be appraised at least once every two years by professionally qualified independent appraisers. The external appraisals are completed in six month cycles on approximately one quarter of the Corporation's portfolio. The properties that are not externally appraised during each six month cycle are appraised by Bentall Investment Management Limited Partnership. Any increases or decreases in value resulting from the appraisal process are reflected in the Fund's financial statements on consolidation.

3. Real estate investments

The Fund's investment in real estate as at 31 December 2004, which is comprised of real estate investments held by its wholly owned subsidiary, Newvest Realty Corporation, is as follows:

	2004	2003
	(000's)	(000's)
Assets		
Income producing properties (net)	\$ 125,425	\$ 94,294
Other assets	4,914	3,099
Total assets	\$ 130,339	\$ 97,393
Liabilities and Equity		
Mortgages payable	\$ 65,269	\$ 46,194
Other liabilities	3,114	2,099
Shareholders' equity	61,956	49,100
Total liabilities and equity	\$ 130,339	\$ 97,393
Income and Expenses		
Income	\$ 13,233	\$ 8,959
Operating expenses	(5,424)	(4,171)
Operating income	7,809	4,788
Other expenses	(3,836)	(2,189)
Net income for the year	\$ 3,973	\$ 2,599

4. Mortgages payable

Mortgages payable represent financing obtained by Newvest Realty Corporation for the acquisition of income producing properties. For investment information purposes, principal values and appreciated values are shown. Details are as follows:

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

4. Mortgages payable (cont.)

	2004		2003	
	Principal Value (000's)	Appreciated Value (000's)	Principal Value (000's)	Appreciated Value (000's)
(a) Bayview Chateau and White Rock Gardens, White Rock, British Columbia. Mortgage, held by The Manufacturers Life Insurance Company, repayable in monthly installments of \$32,152, including interest calculated at a rate of 6.5% per annum, maturing 1 May 2007, secured by a freehold first mortgage registered against title to the property, a general security agreement, and a first general assignment of rents.	\$ 4,582	\$ 4,803	\$ 4,671	\$ 4,919
(b) 440 Eglinton Avenue East, Toronto, Ontario. Mortgage, held by TD Canada Trust, repayable in monthly installments of \$42,092, including interest calculated at a rate of 5.663% per annum, maturing 1 April 2013.	6,573	7,004	6,706	6,882
(c) 2 Silver Maple Court, Brampton, Ontario. Mortgage, held by The Great West Life Assurance Company, repayable in monthly installments of \$90,207, including interest calculated at a rate of 5.68% per annum, maturing 1 February 2013.	12,311	13,077	12,691	12,691
(d) Park and Tilford Shopping Centre, North Vancouver, British Columbia. Mortgage, held by The Great West Life Assurance Company, repayable in monthly installments of \$137,927, including interest calculated at a rate of 5.88% per annum, maturing 1 September 2010.	21,297	22,027	21,702	21,702
(e) TD Creekside Corporate Centre, Mississauga Ontario. Mortgage (50% interest), held by Metropolitan Life Insurance Company, repayable in monthly installments of \$115,194, including interest calculated at a rate of 5.71% per annum, maturing 1 July 2014.	18,358	18,358	-	-
	\$ 63,121	\$ 65,269	\$ 45,770	\$ 46,194

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

4. Mortgages payable (cont.)

Annual principal repayments totalling \$8.0 million (2003 - \$9.8 million) to be made during the next five years are as follows:

(000's)	
2005 -	\$1,422
2006 -	\$1,505
2007 -	\$1,594
2008 -	\$1,688
2009 -	\$1,787
	\$7,996

5. Increase in net assets, investments

	Investment income (000's)	Gain on sale of investments (000's)	Current period change in market value of investments (000's)	2004 Total (000's)	2003 Total (000's)
Canadian common stock	\$ 42,083	\$ 54,251	\$ 81,540	\$ 177,874	\$ 255,432
Foreign common stock	19,114	12,173	36,068	67,355	50,983
Bonds and debentures	31,694	5,785	824	38,303	36,324
Short-term notes and deposits	1,679	-	2	1,681	317
Real estate	3,973	-	(709)	3,264	961
	\$ 98,543	\$ 72,209	\$ 117,725	\$ 288,477	\$ 344,017

6. Funding policy

In accordance with legislation, the Province's funding requirement is to match employee contributions for current service. A matching of contributions may also occur for certain other types of prior service, which may be purchased under contract (see Note 9).

Also, the Province pays into the Fund amounts required to cover any actual plan deficiencies which may occur. A plan deficiency occurs when pension payments, refunds of contributions and administrative costs exceed a plan's fund balance.

During the 1997-98 fiscal year, Government started to make special payments to the Fund on behalf of the Public Service Pension Plan to address the unfunded liability of that Plan. Government contributed \$30 million in each of 1997-98 and 1998-99. In 1999-2000, 2000-01 and 2001-02 Government contributed \$40 million each year. Government's contribution in 2002-03 was \$45 million and increased to \$60 million in 2003-04. In accordance with legislation, contributions will continue at \$60 million yearly for the period of time that the Plan remains unfunded as established by Government's actuary on a plan termination basis.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

6. Funding policy (cont.)

During the 1998-99 fiscal year, Government started to make special payments to the Fund on behalf of the Teachers' Pension Plan to address the unfunded liability of that Plan. In accordance with legislation, Government shall pay \$815 million to the Fund on behalf of the Plan. Government paid \$166 million towards this in each of 1998-99 and 1999-00. Since then, Government has paid \$76 million each fiscal year and will continue to do so until a total of \$815 million, including interest, has been paid.

On 18 February 2002, Government approved a special \$20 million payment to the Fund for 2001-02, and for each of the next four fiscal years, to partially finance the unfunded pension liability under the Uniformed Services Pension Plan.

On 14 March 2002, Government approved a special \$7.5 million payment to the Fund for 2001-02, and for each of the next four fiscal years, to partially finance the unfunded pension liability under the Members of the House of Assembly Pension Plan. However, it was determined that such payments were not allowable under the *Income Tax Act* (Canada) to fund the Registered Plan. During 2005, Government approved the discontinuation of payments scheduled to be made during 2005 and 2006.

7. Administrative costs

Administrative costs are direct costs of the Department of Finance, Pensions Division, and are allocated to the various pension plans based on a combination of expenses directly attributable to a plan, the number of members participating in the various pension plans and a time weighing of receipts and disbursements. Administrative costs are comprised as follows:

	2004	2003
	(000's)	(000's)
Investment management, consulting and custodial fees	\$ 6,548	\$ 5,673
Salaries and benefits	1,781	1,910
Computer charges	476	420
Actuarial consulting fees	341	206
Other expenses	196	209
Medical and professional fees	155	208
	<u>\$ 9,497</u>	<u>\$ 8,626</u>

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

8. Teachers' Indexing Fund

The total fund balance relating to the Teachers' Pension Plan is comprised of the regular fund balance and the fund balance of the Teachers' Indexing Fund. In accordance with the most recent Teachers' Collective Agreement, contributions required to fund the indexing benefit introduced as of 1 September 2002 shall be deposited to a separate account. As at 31 December 2004 the increase and decrease in the net assets of the Fund related to the Teachers' Indexing Fund and the closing balance along with the closing balance of the Fund related to the Teachers' Regular Fund are comprised as follows:

	<u>2004</u>	<u>2003</u>
	(000's)	(000's)
Teachers' Indexing Fund:		
Increases in net assets		
Contributions	\$ 6,115	\$ 6,099
Investment income	<u>1,386</u>	<u>813</u>
	<u>7,501</u>	<u>6,912</u>
Decreases in net assets		
Pensions	2	1
Administrative costs	<u>42</u>	<u>19</u>
	<u>44</u>	<u>20</u>
Increase in net assets	7,457	6,892
Teachers' Indexing Fund balance, beginning of year	<u>8,869</u>	<u>1,977</u>
Teachers' Indexing Fund balance, end of year	<u>16,326</u>	<u>8,869</u>
Teachers' Regular Fund balance	796,999	756,583
Teachers' Pension Plan combined balance	<u>\$ 813,325</u>	<u>\$ 765,452</u>

9. Obligations for pension benefits

The present value of accrued pension benefits was determined using the projected benefit method prorated on service and the best estimate assumptions of the Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund. Actuarial valuations were performed for each plan as of the valuation dates noted below, by a firm of consulting actuaries. The unfunded liabilities at the most recent valuation date are shown in the following table. In addition, the table shows the unfunded liabilities for each plan as extrapolated by the actuaries to 31 December 2004.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

9. Obligations for pension benefits (cont.)

Plan	Valuation Date	At Valuation Date			Extrapolated Unfunded Liability at 31 December 2004
		Actuarial Present Value	Asset Value	Unfunded Liability	
		(000's)	(000's)	(000's)	(000's)
Public Service Pension Plan	12/31/2003	\$ 3,636,500	\$ 1,671,110	\$ 1,965,390	\$ 1,948,200
Teachers' Pension Plan	08/31/2003	2,952,440	779,390	2,173,050	2,263,600
Uniformed Services Pension Plan	12/31/2003	238,660	28,990	209,670	202,300
Members of the House of Assembly Pension Plan	12/31/2003	71,930	1,000	70,930	56,700
Provincial Court Judges' Pension Plan	04/01/2002	571	549	22	(50)
		<u>\$ 6,900,101</u>	<u>\$ 2,481,039</u>	<u>\$ 4,419,062</u>	<u>\$ 4,470,750</u>

The actuarial present values for the Public Service Pension Plan, the Teachers' Pension Plan and the Uniformed Services Pension Plan include the effects of future pension benefits accruing to members for periods of prior service that are being purchased under contract. These contracts provide for deferred payment terms, subject to interest, and have not been recognized in the Fund's assets. As at 31 December 2004, the total estimated value of payments to be received on these contracts is \$4.9 million (2003 - \$4.1 million).

10. Related party transactions

The following investments were held by the Fund as at 31 December 2004:

Description	Face Value	Market Value
	(000's)	(000's)
Province of Newfoundland and Labrador Debentures		
- Maturing from 11/03/2009 to 10/17/2033	\$ 9,085	\$ 9,737
Newvest Realty Corporation		
- 6,040,500 Common Shares	60,405	61,060
	<u>\$ 69,490</u>	<u>\$ 70,797</u>

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

11. Portfolio management

In accordance with an agreement dated 1 February 1997, between the Minister of Finance as Trustee of the Province of Newfoundland and Labrador Pooled Pension Fund and the Royal Trust Corporation of Canada, custodial and administrative services for the Fund are performed by the Corporation, as agent for the Trustee.

As at 31 December 2004, the external investment fund counselling group was comprised of the following firms:

Baillie Gifford Overseas Limited
Bentall Investment Management Limited Partnership
Beutel, Goodman & Company Ltd.
Connor, Clark & Lunn Investment Management Ltd.
Genus Capital Management
Independence Investment Associates Inc.
Mulvihill Capital Management Inc.
Phillips, Hager & North Investment Management Ltd.
Sprucegrove Investment Management Ltd.
UBS Global Asset Management (Canada) Co.

12. Financial instruments

The Fund's financial instruments recognized in the Statement of Net Assets Available for Benefits consist of investments, which are carried at market value, and receivables, cash, accounts payable and accrued liabilities, refunds payable, due to Province of Newfoundland and Labrador, and mortgages payable, the carrying values of which approximate current fair value due to their nature and the terms and conditions of those instruments.

13. Transfers to other plans

Provincial Court Judges' Pension Plan

On 8 June 2004, Bill 24, *An Act to Create a Pension Plan for Provincial Court Judges*, received Royal Assent. The Plan consists of two components, a registered plan which is being administered within the Province of Newfoundland and Labrador Pooled Pension Fund, and a supplementary plan which will be administered within the accounts of the Consolidated Revenue Fund. As at 31 December 2004, assets of the registered plan and the supplementary plan were estimated by the Province's consulting actuary at \$1,206,000 and \$325,000 respectively. The Fund's financial statements have been adjusted to reflect this. Also, during 2005, an additional \$204,000 and related investment earnings will be transferred from the Public Service Pension Plan to the supplementary plan for retroactive contributions made by judges which have not yet been transferred from this plan to the Provincial Court Judges' Pension Plan.

PROVINCE OF NEWFOUNDLAND AND LABRADOR POOLED PENSION FUND
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2004

14. Subsequent event

Members of the House of Assembly Pension Plan

Subsequent to year end, Government approved amendments to the Members of the House of Assembly Pension Plan to retroactively bring the Plan into compliance with the requirements of the *Income Tax Act* (Canada). The Plan will be restructured into two components, a registered plan which will continue to be administered within the Province of Newfoundland and Labrador Pooled Pension Fund, and a supplementary plan which will be administered within the accounts of the Consolidated Revenue Fund. Legislation will be presented to the House of Assembly during 2005 to amend the *Members of the House of Assembly Pensions Act* accordingly. As at 31 December 2004, assets of the registered plan and the supplementary plan were estimated by the Province's consulting actuary at \$6,881,000 and \$9,778,000 respectively.

15. Income taxes

The Fund is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

16. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

**PROVINCIAL ADVISORY COUNCIL
ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

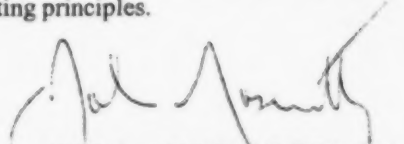
AUDITOR'S REPORT

To the Board of Directors
Provincial Advisory Council on the Status
of Women - Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Advisory Council on the Status of Women - Newfoundland and Labrador as at 31 March 2005 and the statements of revenues, expenses and equity, and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
28 June 2005

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
BALANCE SHEET**

31 March

2005

2004

ASSETS

Current

Cash	\$ 37,423	\$ 19,507
Accounts receivable	5,714	47,056
Prepaid expenses	1,247	1,247
	<u>44,384</u>	<u>67,810</u>
Capital assets (Note 2)	24,677	29,283
	<u>\$ 69,061</u>	<u>\$ 97,093</u>

LIABILITIES AND EQUITY

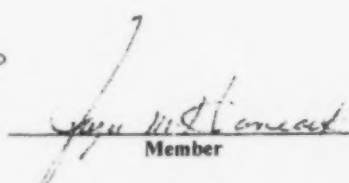
Current

Accounts payable and accrued liabilities	\$ 7,006	\$ 51,108
Long-term debt payable within one year (Note 3)	4,998	3,490
Deferred revenue	30,000	10,000
	<u>42,004</u>	<u>64,598</u>
Long-term debt (Note 3)	19,679	25,793
	<u>61,683</u>	<u>90,391</u>
Equity	7,378	6,702
	<u>\$ 69,061</u>	<u>\$ 97,093</u>

See accompanying notes

Signed on behalf of the Council:


President


Member

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND EQUITY
For the Year Ended 31 March**

	2005	2004
REVENUES		
Province of Newfoundland and Labrador operating grant	\$ 297,600	\$ 298,982
Emerging Women's Group Funding	-	6,608
Miscellaneous	12,703	3,075
	310,303	308,665
EXPENSES		
Amortization	4,606	3,786
Council meetings	23,070	23,068
Interest on long-term debt	1,154	1,777
Operating expenses	65,250	64,062
Outreach	11,182	11,266
Salaries and employee benefits	187,427	212,958
Women's Provincial Conference	16,938	9,176
	309,627	326,093
Excess of revenues over expenses (expenses over revenues)	676	(17,428)
Equity, beginning of year	6,702	24,130
Equity, end of year	\$ 7,378	\$ 6,702

See accompanying notes

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR**

STATEMENT OF CASH FLOWS

For the Year Ended 31 March

	2005	2004
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	\$ 676	\$ (17,428)
Adjustment for non-cash items		
Amortization	4,606	3,786
	5,282	(13,642)
Changes in non-cash working capital		
Accounts receivable	41,342	(36,554)
Prepaid expenses	-	5,147
Accounts payable and accrued liabilities	(44,102)	42,300
Deferred revenue	20,000	3,392
	22,522	643
Cash flows from financing activities		
Repayment of long-term debt	(4,606)	(3,786)
Net increase (decrease) in cash	17,916	(3,143)
Cash, beginning of year	19,507	22,650
Cash, end of year	\$ 37,423	\$ 19,507

See accompanying notes

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2005**

Authority

The Provincial Advisory Council on the Status of Women - Newfoundland and Labrador (the Council) was established under the *Status of Women Advisory Council Act*. The purpose of the Council is to advise the Minister responsible for the Status of Women, the Government and the public on matters of interest and concern to women. Its affairs are managed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Council's management in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Capital assets

The capital assets consist of land and building which were capitalized at cost at the time of acquisition. These assets have been financed by debt and are amortized, except for the capital cost of the land, as the debt is repaid. Minor capital asset purchases are charged to operations in the year of acquisition.

2. Capital assets

	<u>2005</u>			<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 21,300	\$ -	\$ 21,300	\$ 21,300
Building	99,752	96,375	3,377	7,983
<u>Total</u>	<u>\$ 121,052</u>	<u>\$ 96,375</u>	<u>\$ 24,677</u>	<u>\$ 29,283</u>

3. Long-term debt

	<u>2005</u>	<u>2004</u>
Royal Trust first mortgage bearing interest at prime plus one percent with a capped rate of 5.875%, repayable in blended bi-weekly instalments of \$224; maturing 1 July 2009.	\$ 24,677	\$ 29,283
<u>Less: current portion</u>	<u>4,998</u>	<u>3,490</u>
	<u>\$ 19,679</u>	<u>\$ 25,793</u>

The long-term debt is secured by land and building at 131 LeMarchant Road in St. John's.

**PROVINCIAL ADVISORY COUNCIL ON THE STATUS OF WOMEN -
NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 March 2005**

3. Long-term debt (cont.)

The annual principal repayments of long-term debt required over the next five years, based on a capped rate of 5.875% are as follows:

2006	\$4,998
2007	\$5,189
2008	\$5,387
2009	\$5,592
2010	\$3,511

4. Lease commitments

In May 2003 the Council entered into a 5 year agreement for the lease of office equipment requiring annual lease payments of \$4,189.

5. Pensions

Council staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Council and remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Council's share of pension contributions for 2005 was \$11,509 (2004 - \$9,742).

6. Economic dependence

As the Council's revenue consists primarily of operating grants from the Province, its ability to continue viable operations is dependent upon the decisions of the Province.

7. Financial instruments

The Council's current financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

The Council's long-term debt is comprised of a mortgage of \$24,677 at prime plus one percent with a capped rate of 5.875%. There is no rate risk associated with the mortgage and the carrying value of the debt approximates fair value.

8. Income taxes

The Council is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
Provincial Information and Library
Resources Board
Stephenville, Newfoundland and Labrador

I have audited the balance sheet of the Provincial Information and Library Resources Board as at 31 March 2005 and the statements of changes in net assets, revenue and expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
31 May 2005

**PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
BALANCE SHEET**

31 March

2005

2004

ASSETS

Current

Cash	\$ 1,811,359	\$ 1,012,211
Accounts receivable (Note 2)	360,837	166,489
Prepaid expenses (Note 3)	189,719	169,677
	<u>2,361,915</u>	<u>1,348,377</u>
Long-term investments (Note 4)	23,492	23,492
Capital assets (Note 5)	<u>2,028,834</u>	<u>2,181,462</u>
	<u>\$ 4,414,241</u>	<u>\$ 3,553,331</u>

LIABILITIES AND NET ASSETS

Current

Accounts payable and accrued liabilities (Note 6)	\$ 502,298	\$ 464,052
Deferred revenue (Note 7)	919,419	221,133
Deposits - local libraries (Note 8)	<u>7,521</u>	<u>2,171</u>
	<u>1,429,238</u>	<u>687,356</u>
Severance pay liability	<u>1,030,762</u>	<u>1,061,968</u>
	<u>2,460,000</u>	<u>1,749,324</u>

Net Assets

Unrestricted net assets (deficit)	(74,593)	(377,455)
Net assets invested in capital assets	<u>2,028,834</u>	<u>2,181,462</u>
	<u>1,954,241</u>	<u>1,804,007</u>
	<u>\$ 4,414,241</u>	<u>\$ 3,553,331</u>

See accompanying notes

Signed on behalf of the Board:

Colin Taylor
Chairperson

Shawn Tetford
Member

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF CHANGES IN NET ASSETS
For the Year Ended 31 March

2005

2004

	<u>Invested in Capital Assets</u>	<u>Unrestricted</u>		
Net assets (deficit), beginning of year	\$ 2,181,462	\$ (377,455)	\$ 1,804,007	\$ 1,659,508
Capital grant from Province	-	120,000	120,000	120,000
Less: Deferred capital grant	-	(20,000)	(20,000)	(30,000)
Excess of revenue over expenses (expenses over revenue)	(479,784)	530,018	50,234	54,499
Invested in capital assets	363,246	(363,246)	-	-
Proceeds from disposal of capital assets	(18,020)	18,020	-	-
Proceeds from extraordinary item	(18,070)	18,070	-	-
Net assets (deficit), end of year	\$ 2,028,834	\$ (74,593)	\$ 1,954,241	\$ 1,804,007

See accompanying notes

**PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF REVENUE AND EXPENSES**

For the Year Ended 31 March

2005

2004

	<u>Actual</u>	<u>Budget</u> (Note 9)	<u>Actual</u>
REVENUE			
Operating grant from the Province	\$ 7,929,399	\$ 7,929,399	\$ 8,062,700
Other grants			
Computerization projects	580,573	-	988,390
Literacy projects	75,000	-	95,564
Miscellaneous	111,580	-	60,121
Interest	58,736	60,000	70,221
Fines and lost library materials	33,711	40,000	33,733
Gain on disposal of capital assets	17,590	-	-
Gain from demutualization	-	-	23,492
	<u>8,806,589</u>	<u>8,029,399</u>	<u>9,334,221</u>
EXPENSES			
Amortization	510,471	-	473,614
Books and periodicals	933,408	1,000,000	813,058
Computerization of libraries	431,205	344,000	573,291
Conferences and workshops	1,740	6,000	4,335
Freight and postage	56,024	44,700	39,760
Grants - local libraries (Schedule)	384,432	400,000	384,823
Heat and light	7,001	6,500	6,345
Insurance	110,349	119,793	125,841
Literacy projects	48,202	-	71,736
Loss on disposal of capital assets	-	-	130
Miscellaneous	2,763	-	4,177
Office and library supplies	87,014	143,750	105,782
Professional fees	6,561	8,000	7,411
Rental of premises	348,961	348,961	348,961
Repairs and maintenance	14,676	18,000	17,984
Salaries and benefits	5,661,610	5,960,458	6,106,665
Telephone	65,305	71,700	63,992
Travel	99,730	147,554	131,817
	<u>8,769,452</u>	<u>8,619,416</u>	<u>9,279,722</u>
Excess of revenue over expenses (expenses over revenue)			
before extraordinary item	37,137	(590,017)	54,499
Extraordinary item (Note 10)	13,097	-	-
Excess of revenue over expenses (expenses over revenue)	<u>\$ 50,234</u>	<u>\$ (590,017)</u>	<u>\$ 54,499</u>

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2005	2004
Cash flows from operating activities		
Excess of revenue over expenses	\$ 50,234	\$ 54,499
Adjustments for non-cash items		
Amortization	510,471	473,614
Gain from demutualization	-	(23,492)
Loss (gain) on disposal of capital assets	(17,590)	130
Gain from extraordinary item	(13,097)	-
	530,018	504,751
Change in non-cash working capital		
Accounts receivable	(194,348)	(40,783)
Prepaid expenses	(20,042)	42,570
Accounts payable and accrued liabilities	38,246	(112,868)
Deferred revenue	698,286	(306,613)
Deposits - local libraries	5,350	(715)
	1,057,510	86,342
Increase (decrease) in severance pay liability	(31,206)	4,684
	1,026,304	91,026
Cash flows from investing activities		
Additions to capital assets	(363,246)	(567,899)
Proceeds from disposal of capital assets	18,020	93
Proceeds from extraordinary item	18,070	-
	(327,156)	(567,806)
Cash flows from financing activities		
Capital grant	120,000	120,000
Deferred capital grant	(20,000)	(30,000)
	100,000	90,000
Net increase (decrease) in cash	799,148	(386,780)
Cash, beginning of year	1,012,211	1,398,991
Cash, end of year	\$ 1,811,359	\$ 1,012,211

See accompanying notes

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES
For the Year Ended 31 March

	2005	2004
Eastern Division		
Arnold's Cove	\$ 825	\$ 1,299
Bay Roberts	59,803	59,661
Bell Island	1,055	1,117
Bonavista	3,534	2,829
Brigus	6,083	4,763
Burin	735	784
Carbonear	26,127	26,360
Catalina	3,473	2,756
Clarenville	14,980	17,777
Conception Bay South	6,601	6,270
Fortune	485	691
Fox Harbour	928	804
Garnish	1,331	1,502
Grand Bank	6,276	7,013
Harbour Grace	4,379	3,409
Holyrood	5,810	5,591
Marystown	5,669	6,630
Mount Pearl	9,453	6,486
Old Perlican	2,585	2,622
Placentia	15,091	15,516
Pouch Cove	2,512	2,285
St. Brides	6,309	5,735
St. Lawrence	698	763
Southern Harbour	2,622	3,351
Torbay	1,357	1,275
Trepassey	6,132	8,307
Victoria	720	875
Whitbourne	3,408	5,485
Winterton	625	639
	199,606	202,595

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)
For the Year Ended 31 March

2005

2004

Central Division

Baie Verte	4,310	4,000
Bishop's Falls	920	1,401
Botwood	5,793	5,249
Buchans	2,138	1,048
Carmanville	6,085	878
Centerville	852	1,006
Change Islands	690	747
Fogo	889	982
Gambo	796	660
Gander	19,199	17,803
Gaultois	2,230	2,611
Glenwood	1,270	1,550
Glovertown	711	772
Grand Falls-Windsor	3,715	3,530
Greenspond	3,703	3,531
Harbour Breton	721	1,963
Hare Bay	1,003	891
Harry's Harbour	4,285	3,411
Hermitage	862	1,090
King's Point	3,073	2,913
LaScie	3,320	3,209
Lewisporte	4,413	4,074
Lumsden	1,438	1,681
Musgrave Harbour	798	816
Norris Arm	2,838	1,904
Point Leamington	1,083	1,092
Robert's Arm	2,536	2,562
St. Albans	1,321	1,498
Seal Cove	954	1,025
Springdale	1,078	1,432
Summerford	1,110	1,596
Twillingate	1,108	1,066
Wesleyville	687	1,749
	85,929	79,740

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (Cont.)
For the Year Ended 31 March

2005

2004

**Western Newfoundland -
 Labrador Division**

Bay St. George South	767	766
Burgeo	651	3,859
Cape St. George	627	477
Cartwright	643	645
Churchill Falls	608	413
Codroy Valley	565	633
Cormack	1,063	1,074
Corner Brook	4,375	4,779
Cow Head	5,230	4,645
Daniel's Harbour	558	1,702
Deer Lake	14,081	14,085
Happy Valley	495	771
Labrador City	14,778	15,313
L'Anse au Loup	2,022	1,943
Lark Harbour	964	723
Lourdes	519	537
Norris Point	-	458
Pasadena	2,652	552
Port au Port	4,065	2,759
Port aux Basques	10,114	10,644
Port Saunders	3,800	3,873
Ramea	973	855
Rocky Harbour	526	608
St. Anthony	1,302	2,009
St. Georges	748	767
St. Lunaire-Griquet	694	635
Sops Arm	735	751
Stephenville	19,715	20,422
Stephenville Crossing	808	913
Wabush	1,890	1,841
Woody Point	2,929	3,036
	98,897	102,488
	\$ 384,432	\$ 384,823

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Provincial Information and Library Resources Board (the Board) operates under the authority of the *Public Libraries Act*. The purpose of the Board is to operate the public libraries in the Province. A majority of the members of the Board are appointed by the Lieutenant-Governor in Council. The Board reports to the Minister of Education.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The budget disclosed in these financial statements is presented on a cash basis. Outlined below are the significant accounting policies followed.

(a) Reporting entity

The reporting entity for the purpose of these financial statements is the Board's head office and divisional offices. The Board's head office includes Administration, Technical Services and the Provincial Resource Library. These financial statements include expenditures for grants made to local libraries under the jurisdiction of the three divisional library boards detailed in the Schedule to the financial statements. Funds raised by local libraries in excess of the grants provided by the Board or any expenditures in excess of these grants are not reflected in these financial statements.

(b) Capital assets

All capital assets are capitalized at cost at the time of acquisition. Amortization is calculated using the straight line method based on the expected future life of all assets as follows:

Buildings	40 years
Furniture and equipment	10 years
Motor vehicles	5 years
Computer equipment	3 years

(c) Severance pay

The calculation of severance pay is based on years of service and current salary levels. The entitlement to severance pay vests with employees after nine years of continuous service, and accordingly no provision has been made in the accounts for employees with less than nine years of continuous service. The amount is payable when the employee ceases employment with the Board. If the employee transfers to another entity included in the public service, then the liability is transferred with the employee to the other entity.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2005

2. Accounts receivable

	<u>2005</u>	<u>2004</u>
Federal Government		
Harmonized Sales Tax	\$ 35,231	\$ 31,889
Other	34,192	47,790
Provincial Government	268,962	72,332
Other	22,452	14,478
	<u>\$ 360,837</u>	<u>\$ 166,489</u>

3. Prepaid expenses

Prepaid expenses of \$189,719 (2004 - \$169,677) include inventory of supplies of \$53,642 (2004 - \$51,439) on hand at the Board's head office and the three divisional library board offices.

4. Long-term investments

Long-term investments consist of 1,678 shares of Sun Life Financial Services of Canada Inc. which were given to the Board as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares are recognized at the fair market value of \$23,492, as determined by the share price at the time of the transfer of shares to the Board. The fair market value of these shares was \$66,197 as at 31 March 2005.

5. Capital assets

		<u>2005</u>		<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 288,200	\$ -	\$ 288,200	\$ 288,200
Buildings	1,889,971	989,118	900,853	908,709
Furniture and equipment	1,250,185	777,823	472,362	581,231
Motor vehicles	132,011	90,937	41,074	63,411
Computer equipment	2,624,502	2,298,157	326,345	339,911
	<u>\$ 6,184,869</u>	<u>\$ 4,156,035</u>	<u>\$ 2,028,834</u>	<u>\$ 2,181,462</u>

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2005

6. Accounts payable and accrued liabilities

	<u>2005</u>	<u>2004</u>
Accounts payable	\$ 50,036	\$ 32,160
Accrued salaries and benefits	452,262	431,892
	<u>\$ 502,298</u>	<u>\$ 464,052</u>

7. Deferred revenue

Deferred revenue represents money received from funding agencies that has not been utilized, and is available for specified expenditures in future years:

	<u>2005</u>	<u>2004</u>
Federal Government	\$ 6,900	\$ 870
Provincial Government	854,085	213,401
Other	58,434	6,862
	<u>\$ 919,419</u>	<u>\$ 221,133</u>

8. Deposits - local libraries

Funds raised by some local libraries have been deposited with the Board to cover the cost of wages for additional opening hours and for the purchase of books, periodicals and computers. The balance on deposit at 31 March 2005 was \$7,521 (2004 - \$2,171).

9. Budget

The 2005 budgeted expenditure exceeded the Province's current year provision for operating grants for the Board. The difference would be funded from cash surpluses carried forward from prior years.

10. Extraordinary item

In May 2004, the Carmanville Public Library and all of its contents were destroyed by fire. The Board received \$118,105 in insurance proceeds from the fire. This resulted in an extraordinary gain of \$13,097.

11. Lease agreements

The Board has entered into lease agreements for the rental of photocopiers, microfiche readers, postal equipment and various rental properties throughout the Province. Future minimum lease payments for the next five years are as follows:

2006	\$435,170
2007	\$348,414
2008	\$286,598
2009	\$280,651
2010	\$262,812

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
31 March 2005

12. Pensions

Under the *Public Libraries Act*, Board staff are subject to the *Public Service Pensions Act*. Employee contributions are matched by the Board and then remitted to the Province of Newfoundland and Labrador Pooled Pension Fund from which pensions will be paid to employees when they retire. The Board's share of pension contributions for 2005 was \$310,811 (2004 - \$323,218).

13. Income taxes

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

14. Economic dependence

As a result of the Board's reliance on Provincial funding, the Board's ability to continue viable operations is dependent upon decisions of the Province.

15. Financial instruments

The Board's financial instruments recognized on the balance sheet, in addition to the long-term investments described in Note 4, consist of cash, accounts receivable, accounts payable and accrued liabilities, and deposits - local libraries. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity or current market rate associated with them.



Financial Statements of

PROVINCIAL PERINATAL PROGRAM

March 31, 2005

Deloitte

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10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada
Tel: (709) 576-8480
Fax: (709) 576-8460
www.deloitte.ca

Auditors' Report

To the Directors of
Provincial Perinatal Program

We have audited the statement of financial position of the Provincial Perinatal Program as at March 31, 2005 and the statement of operations and net assets for the year then ended. These financial statements are the responsibility of the Program's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Program as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
June 30, 2005

PROVINCIAL PERINATAL PROGRAM

Statement of Operations and Net Assets

Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
REVENUE		
Provincial government		
Provincial perinatal program	291,145	286,700
Childbirth education program	25,884	15,068
Database project	7,659	-
Research project	2,023	-
	<u>326,711</u>	<u>301,768</u>
EXPENDITURES		
Salaries and employee benefits	240,130	234,779
Childbirth education program	25,884	15,068
Travel	24,150	15,862
Professional fees	11,480	11,625
Office supplies and books	10,787	5,960
Database project	7,659	10,250
Telephone	2,215	2,230
Equipment purchases	2,203	(337)
Research project	2,023	-
Other	516	450
Purchased services	237	580
	<u>327,284</u>	<u>296,467</u>
EXCESS OF REVENUE OVER EXPENDITURES		
(EXPENDITURES OVER REVENUE) BEFORE SEVERANCE	(573)	5,301
INCREASE IN SEVERANCE PAY ACCRUAL	<u>1,536</u>	<u>2,173</u>
EXCESS OF REVENUE OVER EXPENDITURES		
(EXPENDITURES OVER REVENUE)	(2,109)	3,128
NET ASSETS, BEGINNING OF YEAR	<u>219,494</u>	<u>216,366</u>
NET ASSETS, END OF YEAR	<u>217,385</u>	<u>219,494</u>

PROVINCIAL PERINATAL PROGRAM

Statement of Financial Position

March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
ASSETS		
CURRENT		
Receivable		
Health Care Corporation of St. John's	353,777	347,150
LIABILITIES		
CURRENT		
Payables and accruals	6,333	2,936
Accrued vacation pay	9,867	11,088
Deferred revenue - Childbirth education program	14,706	3,659
Deferred revenue - Provincial data base	67,341	75,000
Deferred revenue - Research project	1,636	-
	99,883	92,683
ACCRUED SEVERANCE PAY	36,509	34,973
	136,392	127,656
NET ASSETS		
Net assets	217,385	219,494
	353,777	347,150

ON BEHALF OF THE BOARD:

Carol A. Chape Director
Sept. 20, 2005

James M. B. B. B. Director
Sept. 20, 2005

PROVINCIAL PERINATAL PROGRAM

Notes to Financial Statements

March 31, 2005

1. NATURE OF OPERATIONS

The Provincial Perinatal Program ("the Program") is organized to improve the quality of perinatal care in the Province of Newfoundland and Labrador.

The Program works with high-risk perinatal children identified as premature infants or children with specific neonatal concerns. It liaises closely with the Janeway Child Health Centre's Intensive Care Unit, Special Care Nursery, Physiotherapy and Social Work departments. There is also a close relationship with the Women's Health Program of the Health Care Corporation of St. John's (tertiary care centre for obstetrics), obstetrical units of regional health hospitals, public health nurses and family physicians.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Revenue recognition

The Program follows the deferral method of accounting for contributions whereby restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Capital assets

All capital asset additions are charged to operations in the year of acquisition.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Program.

Pension costs

Employees of the Provincial Perinatal Program are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Program. The annual contributions for pensions are recognized in the accounts on a current basis.

PROVINCIAL PERINATAL PROGRAM

Notes to Financial Statements

March 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. RELATED PARTY TRANSACTIONS

The Program coordinates with the Health Care Corporation of St. John's to provide quality perinatal care. Transactions between these related parties are measured at their exchange value.

4. FINANCIAL INSTRUMENTS

The carrying value of the Program's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturity of these instruments.

5. STATEMENT OF CASH FLOWS

The statement of cash flows has not been prepared because it would not provide any additional useful information in understanding the cash flows during the year.

PUBLIC ACCOUNTANTS LICENSING BOARD

FINANCIAL STATEMENTS

31 DECEMBER 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chair and Members
Public Accountants Licensing Board
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Public Accountants Licensing Board as at 31 December 2004 and the statement of revenue, expenses and equity for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at 31 December 2004 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'John L. Noseworthy'.

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
23 March 2005

PUBLIC ACCOUNTANTS LICENSING BOARD

BALANCE SHEET

31 December

2004

2003

ASSETS

Current

Cash	\$ -	\$ 14,995
Temporary investments, at cost	47,691	37,062
Sales tax receivable	748	950
Prepaid expense	779	413
	<u>\$ 49,218</u>	<u>\$ 53,420</u>

LIABILITIES AND EQUITY

Current

Bank indebtedness	\$ 560	\$ -
Accounts payable and accrued liabilities	2,016	2,183
Deferred revenue	-	11,000
	<u>2,576</u>	<u>13,183</u>

Equity	<u>46,642</u>	<u>40,237</u>
	<u>\$ 49,218</u>	<u>\$ 53,420</u>

See accompanying notes

Signed on behalf of the Board:

Chair

Member

PUBLIC ACCOUNTANTS LICENSING BOARD
STATEMENT OF REVENUE, EXPENSES AND EQUITY
For the Year Ended 31 December

	2004	2003
REVENUE		
Licences	\$ 24,700	\$ 24,200
Interest income	811	551
Sales tax rebate	-	4,482
	<u>25,511</u>	<u>29,233</u>
EXPENSES		
Advertising	3,110	3,934
Board remuneration	3,130	6,690
Insurance	773	800
Interest and bank charges	198	179
Meeting expense	1,912	2,343
Office supplies	387	897
Professional fees	1,517	2,058
Secretarial services	3,375	3,420
Travel	4,704	5,562
	<u>19,106</u>	<u>25,883</u>
Excess of revenue over expenses	6,405	3,350
Equity, beginning of year	40,237	36,887
Equity, end of year	\$ 46,642	\$ 40,237

See accompanying notes

PUBLIC ACCOUNTANTS LICENSING BOARD
NOTES TO FINANCIAL STATEMENTS
31 December 2004

Authority

The Public Accountants Licensing Board (the Board) was established under authority of the *Public Accountancy Act*. The powers of the Board include granting licences to practice as a public accountant under the *Act*, keeping a roll of persons licensed, and prescribing the educational standards and other qualifications of applicants for a licence.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. The Board does not prepare a statement of cash flows since there are no investing and financing activities and the changes in cash flows are readily apparent from the other statements.

2. Financial instruments

The Board's financial instruments recognized on the balance sheet consist of cash, temporary investments, sales tax receivable, bank indebtedness, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

3. Income taxes

The Public Accountants Licensing Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

Public Health Laboratory
Financial Statements
March 31, 2003

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Board of Trustees
Health Care Corporation of St. John's

We have audited the statement of financial position of **Public Health Laboratory** at March 31, 2003 and the statements of operations and changes in deficit for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laboratory as at March 31, 2003 and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
July 10, 2003

Grant Thornton LLP
Chartered Accountants

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Public Health Laboratory
Statements of Operations and Changes in Deficit

Year Ended March 31

2003

2002

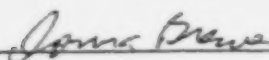
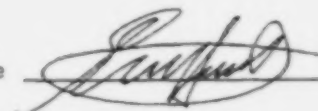
Revenue		
Government of Newfoundland and Labrador	<u>\$ 3,161,964</u>	<u>\$ 2,935,605</u>
Expenditure		
Wages and benefits	1,351,186	1,372,017
Laboratory supplies	1,182,149	1,182,506
Professional fees	145,580	130,571
Operating supplies	129,106	101,211
Printing, stationery and office	52,932	64,584
Repairs and maintenance	40,107	41,627
Interest on capital lease	22,829	-
Travel	13,927	33,575
Minor equipment	9,909	23,247
Telephone	<u>7,292</u>	<u>6,791</u>
	<u>2,955,017</u>	<u>2,956,129</u>
Excess of revenue over expenditure		
(expenditure over revenue) before the following:	<u>206,947</u>	<u>(20,524)</u>
Depreciation	207,695	114,300
Amortization of deferred capital contributions	(37,112)	(28,571)
Increase in severance pay accrual	<u>15,065</u>	<u>53,450</u>
	<u>185,648</u>	<u>139,179</u>
Excess of revenue over expenditure		
(expenditure over revenue)	<u>\$ 21,299</u>	<u>\$ (159,703)</u>
Deficit, beginning of year	\$ (327,979)	\$ (168,276)
Excess of revenue over expenditure		
(expenditure over revenue)	<u>21,299</u>	<u>(159,703)</u>
Deficit, end of year	<u>\$ (306,680)</u>	<u>\$ (327,979)</u>

See accompanying notes to the financial statements.

**Public Health Laboratory
Statement of Financial Position**

March 31	2003	2002
Assets		
Current		
Cash	\$ 500	\$ 500
Receivables	5,082	416,087
Receivable from Health Care Corporation of St. John's	<u>190,047</u>	<u>-</u>
	195,629	416,587
Equipment (Note 3)	<u>628,374</u>	<u>783,980</u>
	<u>\$ 824,003</u>	<u>\$ 1,200,567</u>
Liabilities		
Current		
Payables and accruals	\$ 39,817	\$ 31,863
Payable to Health Care Corporation of St. John's	-	364,172
Accrued vacation pay	143,761	141,241
Current portion of obligation under capital lease	<u>78,323</u>	<u>92,505</u>
	261,901	629,781
Obligation under capital lease (Note 4)	275,464	283,400
Accrued severance pay	412,625	397,560
Deferred capital contributions	<u>180,693</u>	<u>217,805</u>
	1,130,683	1,528,546
Deficit		
Deficit	<u>(306,680)</u>	<u>(327,979)</u>
	<u>\$ 824,003</u>	<u>\$ 1,200,567</u>

On behalf of the Board

 Trustee  Trustee

See accompanying notes to the financial statements.

- 1004 -

Grant Thornton 

Public Health Laboratory Notes to the Financial Statements

March 31, 2003

1. Nature of operations

The purpose of the Public Health Laboratory is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the province.

2. Summary of significant accounting policies

The financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenue and expenditure relating to the operations carried on under the name of the Public Health Laboratory.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Capital assets

Capital assets are recorded at cost.

Depreciation on equipment is recorded on the straight-line basis at the following rates:

Equipment	15%
Computer equipment	20%

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation related to the capital assets purchased.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance pay rests with employees with nine years of continual service, and accordingly no provision has been made in the accounts for employees with less than nine years of continual service. Severance pay is payable when the employee ceases employment with the Laboratory.

Pension costs

Employees of the Public Health Laboratory are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Public Health Laboratory. The annual contributions for pensions are recognized in the accounts on a current basis.

Public Health Laboratory Notes to the Financial Statements

March 31, 2003

3. Equipment			<u>2003</u>	<u>2002</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 1,352,164	\$ 1,154,038	\$ 198,126	\$ 258,242
Computer equipment	<u>602,290</u>	<u>172,042</u>	<u>430,248</u>	<u>525,738</u>
	<u>\$ 1,954,454</u>	<u>\$ 1,326,080</u>	<u>\$ 628,374</u>	<u>\$ 783,980</u>

4. Obligation under capital lease

The Laboratory has acquired computer equipment under the terms of a capital lease with the Royal Bank of Canada. The lease is repayable in monthly instalments of principal and interest of \$8,217, scheduled to expire in April 2008. Payments under the lease are as follows:

Fiscal year ended	
2004	\$ 98,599
2005	98,599
2006	98,599
2007	98,599
2008	<u>8,343</u>
	402,739
Less: amount representing interest at 6.37%	<u>48,952</u>
	353,787
Less: current portion	<u>78,323</u>
	<u>\$ 275,464</u>

5. Financial instruments

The Laboratory's primary financial instruments recognized in the balance sheet consist of receivables, current liabilities, long-term leasing arrangement and accrued severance. The carrying value of the primary financial instruments of the Laboratory approximate fair value due to the normal trade credit terms and conditions of these instruments.

Deloitte

**Public Health Laboratory
Financial Statements
March 31, 2004**

Deloitte

Deloitte & Touche LLP
10 Factory Lane
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St. John's NL A1C 6H5
Canada
Tel: (709) 576-8480
Fax: (709) 576-8460
www.deloitte.ca

Auditors' Report

To the Board of Trustees of
Health Care Corporation of St. John's

We have audited the statement of financial position of the Public Health Laboratory as at March 31, 2004 and the statement of operations and changes in deficit for the year then ended. These financial statements are the responsibility of the Laboratory's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laboratory as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at March 31, 2003 and for the year then ended were audited by other auditors who issued their report dated July 10, 2003.

Deloitte + Touche LLP

Chartered Accountants
July 12, 2004

Public Health Laboratory
Statement of Operations and Changes in Deficit

Year Ended March 31

2004

2003

Revenue		
Government of Newfoundland and Labrador	\$ 3,212,400	\$ 3,161,964
Expenditures		
Wages and benefits	1,442,656	1,351,186
Laboratory supplies	1,378,800	1,182,149
Professional fees	150,109	145,580
Operating supplies	145,688	129,106
Printing, stationery and office	66,010	52,932
Repairs and maintenance	68,947	40,107
Interest on capital lease	16,073	22,829
Travel	13,155	13,927
Minor equipment	26,326	9,909
Telephone	8,069	7,292
	<u>3,315,833</u>	<u>2,955,017</u>
Excess of revenue over expenditures (expenditures over revenue) before the following:	<u>(103,433)</u>	<u>206,947</u>
Depreciation	224,991	207,695
Amortization of deferred capital contributions	(55,280)	(37,112)
Increase in severance pay accrual	<u>12,046</u>	<u>15,065</u>
	<u>181,757</u>	<u>185,648</u>
Excess of revenue over expenditures (expenditures over revenue)	(285,190)	21,299
Deficit, beginning of year	<u>(306,680)</u>	<u>(327,979)</u>
Deficit, end of year	<u>\$ (591,870)</u>	<u>\$ (306,680)</u>

See accompanying notes to the financial statements.

Public Health Laboratory
Statement of Financial Position

March 31

2004

2003

Assets

Current

Cash	\$ 500	\$ 500
Receivables	133,520	5,082
Receivable from Health Care Corporation of St. John's	-	190,047
	134,020	195,629

Capital assets (Note 3)

524,505	628,374
<u>\$ 658,525</u>	<u>\$ 824,003</u>

Liabilities

Current

Payables and accruals	\$ 37,666	\$ 39,817
Payable to Health Care Corporation of St. John's	302,485	-
Accrued vacation pay	179,370	143,761
Current portion of obligation under capital lease (Note 4)	74,903	78,323
	594,424	261,901

Obligation under capital lease (Note 4)

- 275,464

Accrued severance pay

424,671 412,625

Deferred capital contributions

231,300	180,693
1,250,395	1,130,683

Deficit

Deficit

(591,870)	(306,680)
<u>\$ 658,525</u>	<u>\$ 824,003</u>

On behalf of the Board

Ramon M. ... Trustee *[Signature]* Trustee

See accompanying notes to the financial statements.

Public Health Laboratory

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The purpose of the Public Health Laboratory (the "Laboratory") is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the province.

2. Summary of significant accounting policies

The financial statements have been prepared within the framework of Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenue and expenditures relating to the operations carried on under the name of the Public Health Laboratory.

Revenue recognition

Revenues are recognized as earned and when collection is reasonably assured.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Capital assets

Capital assets are recorded at cost.

Depreciation on equipment is recorded on the straight-line basis at the following rates:

Equipment	15%
Computer equipment	20%

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as depreciation related to the capital assets purchased.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Laboratory.

Public Health Laboratory

Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (Continued)

Pension costs

Employees of the Public Health Laboratory are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Laboratory. The annual contributions for pensions are recognized in the accounts on a current basis.

3. Capital assets			2004	2003
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Equipment	\$ 1,473,285	\$ 1,266,263	\$ 207,022	\$ 198,126
Computer equipment	<u>602,290</u>	<u>284,807</u>	<u>317,483</u>	<u>430,248</u>
	<u>\$ 2,075,575</u>	<u>\$ 1,551,070</u>	<u>\$ 524,505</u>	<u>\$ 628,374</u>

4. Obligation under capital lease

The Laboratory has acquired computer equipment under the terms of a capital lease with the Royal Bank of Canada. The lease is repayable in monthly instalments of principal and interest of \$8,217, scheduled to expire in January 2005. Payments under the lease are as follows:

Fiscal year ended	
2005	\$ 76,980
Less: amount representing interest at 6.37%	<u>2,077</u>
	<u>\$ 74,903</u>

5. Financial instruments

The carrying value of the Laboratory's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturity of these instruments.

6. Statement of cash flows

A statement of cash flows has not been prepared because it would not provide any additional useful information in understanding the cash flows during the year.

Deloitte

Financial Statements of

PUBLIC HEALTH LABORATORY

March 31, 2005

Deloitte

Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
Canada
Tel: (709) 576-8480
Fax: (709) 576-8480
www.deloitte.ca

Auditors' Report

To the Board of Trustees of
Health Care Corporation of St. John's

We have audited the statement of financial position of the Public Health Laboratory as at March 31, 2005 and the statement of operations and deficit for the year then ended. These financial statements are the responsibility of the Laboratory's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Laboratory as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte + Touche LLP

Chartered Accountants
June 30, 2005

PUBLIC HEALTH LABORATORY
Statement of Operations and Deficit
Year ended March 31, 2005

	<u>2005</u> \$	<u>2004</u> \$
REVENUE		
Government of Newfoundland and Labrador	3,197,948	3,212,400
EXPENDITURES		
Wages and benefits	1,408,719	1,442,656
Laboratory supplies	1,316,093	1,378,800
Professional fees	179,103	150,109
Operating supplies	124,834	145,688
Repairs and maintenance	57,327	68,947
Printing, stationery and office	51,220	66,010
Travel	20,724	13,155
Telephone	10,691	8,069
Minor equipment	10,153	26,326
Bad debts	7,388	-
Interest on capital lease	2,082	16,073
	<u>3,188,334</u>	<u>3,315,833</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)		
BEFORE UNDERNOTED ITEMS:	9,614	(103,433)
Amortization of capital assets	202,142	224,991
Amortization of deferred capital contributions	(52,356)	(55,280)
Increase in severance pay accrual	23,627	12,046
EXCESS OF EXPENDITURES OVER REVENUE	(163,799)	(285,190)
DEFICIT, BEGINNING OF YEAR	(591,870)	(306,680)
DEFICIT, END OF YEAR	(755,669)	(591,870)

PUBLIC HEALTH LABORATORY**Statement of Financial Position**

March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
ASSETS		
CURRENT		
Cash	500	500
Receivables	15,222	133,520
	15,722	134,020
CAPITAL ASSETS (Note 3)	356,162	524,505
	371,884	658,525
LIABILITIES		
Current		
Payables and accruals	99,458	37,666
Payable to Health Care Corporation of St. John's	193,061	302,485
Accrued vacation pay	207,792	179,370
Current portion of obligation under capital lease	-	74,903
	500,311	594,424
ACCRUED SEVERANCE PAY	448,298	424,671
DEFERRED CAPITAL CONTRIBUTIONS	178,944	231,300
	1,127,553	1,250,395
DEFICIT		
Deficit	(755,669)	(591,870)
	371,884	658,525

ON BEHALF OF THE BOARD:

Trustee_____
Trustee

PUBLIC HEALTH LABORATORY

Notes to Financial Statements

March 31, 2005

1. NATURE OF OPERATIONS

The purpose of the Public Health Laboratory (the "Laboratory") is to act as the provincial reference laboratory centre for clinical and public health microbiology and infectious disease surveillance and control. The Laboratory offers specialized and reference laboratory services to all physicians, hospitals, clinics and health related agencies in the province.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Basis of accounting

These financial statements include only the assets, liabilities, revenue and expenditures relating to the operations carried on under the name of the Public Health Laboratory.

Revenue recognition

The Laboratory follows the deferral method of accounting for contributions whereby restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable and collectibility is reasonably assured.

Capital assets

Capital assets are recorded at cost.

Amortization is recorded on the straight-line basis at the following rates:

Equipment	15%
Computer equipment	20%

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income on a straight-line basis using the same rates as amortization related to the capital assets purchased.

Accrued severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. Severance is payable when the employee ceases employment with the Laboratory.

PUBLIC HEALTH LABORATORY

Notes to Financial Statements

March 31, 2005

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension costs

Employees of the Public Health Laboratory are covered by the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador ("the Government"). Contributions to the plans are required from both the employees and the Laboratory. The annual contributions for pensions are recognized in the accounts on a current basis.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

3. CAPITAL ASSETS

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Equipment	1,525,024	1,374,518	150,506	207,022
Computer equipment	602,290	396,634	205,656	317,483
	2,127,314	1,771,152	356,162	524,505

4. RELATED PARTY TRANSACTIONS

The Laboratory coordinates with the Health Care Corporation of St. John's to provide a reference laboratory centre. Transactions between these related parties are measured at their exchange value.

5. FINANCIAL INSTRUMENTS

The carrying value of the Laboratory's financial instruments included in current assets and current liabilities approximates fair value due to the relatively short term to maturity of these instruments.

6. STATEMENT OF CASH FLOWS

A statement of cash flows has not been prepared because it would not provide any additional useful information in understanding the cash flows during the year.

REGISTRAR OF THE SUPREME COURT

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

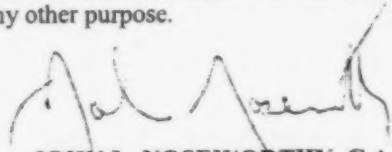
To the Registrar of the Supreme Court
St. John's, Newfoundland and Labrador

I have audited the statement of fund balances of the Registrar of the Supreme Court as at 31 March 2005 and the statements of changes in fund balance for the Estate/Trust Fund, Supreme Court Fund and Administration Fund for the year then ended. These financial statements have been prepared to meet the information needs of the Registrar of the Supreme Court, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador under Section 67 of the *Judicature Act*. The financial statements are the responsibility of the Registrar. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the balances of the Funds of the Registrar of the Supreme Court as at 31 March 2005 and the changes in fund balances for the year then ended in accordance with the basis of accounting described in Note 1 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information of the Registrar of the Supreme Court, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador to meet their information needs under Section 67 of the *Judicature Act*. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
15 June 2005

STATEMENT 1

REGISTRAR OF THE SUPREME COURT
STATEMENT OF FUND BALANCES
31 March

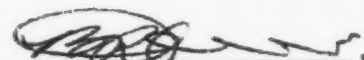
2005

2004

	Estate/Trust Fund (Note 2)	Supreme Court Fund (Note 3)	Administration Fund (Note 4)		
ASSETS					
Cash	\$ 5,214,193	\$ 5,463,590	\$ 174,371	\$ 10,852,154	\$ 9,024,730
Investments (Note 5)	15,671,533	1,680,161	-	17,351,694	14,482,380
Irrevocable letter of credit and securities	-	55,511	-	55,511	55,511
Real estate and other assets (Note 1)	1	-	-	1	1
Total assets	\$ 20,885,727	\$ 7,199,262	\$ 174,371	\$ 28,259,360	\$ 23,562,622
Total Fund balances	\$ 20,885,727	\$ 7,199,262	\$ 174,371	\$ 28,259,360	\$ 23,562,622

See accompanying notes

Signed:


 Registrar

STATEMENT 2

REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
ESTATE/TRUST FUND

For the Year Ended 31 March

2005

2004

INCREASES

Estate/trust assets received	\$ 5,141,325	\$ 4,783,001
Investment income	652,799	514,719
Pension, compensation and assistance	1,697,064	1,476,907
Recovery of unclaimed estates previously paid to Administration Fund	-	2,604
Revaluation of shares	-	2,144
Sale of chattels	37,560	19,070
Sale of real estate	2,268,848	1,353,506
	<u>9,797,596</u>	<u>8,151,951</u>

DECREASES

Commissions charged and paid to Administration Fund	289,069	288,040
Estate/trust disbursements	4,474,479	3,233,216
Estates/trusts completed	3,356,241	2,818,363
Excess interest paid to Administration Fund	-	15,300
Harmonized sales tax paid to Administration Fund	43,303	42,681
Revaluation of shares	41	-
Unclaimed estates paid to Administration Fund	45	1,133

	<u>8,163,178</u>	<u>6,398,733</u>
--	------------------	------------------

Net increase	1,634,418	1,753,218
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Fund balance, beginning of year	19,251,309	17,498,091
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Fund balance, end of year	\$ 20,885,727	\$ 19,251,309
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See accompanying notes

REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
SUPREME COURT FUND
For the Year Ended 31 March

	2005	2004
INCREASES		
Court actions (Payments into Court)	\$ 4,344,318	\$ 2,571,437
Divorce fees	6,660	6,510
Fees	1,365,002	1,052,358
Fines and bail	13,081	5,300
Investment income	136,089	106,422
Judgment recovery	200	-
Law society fees	14,856	14,982
	<u>5,880,206</u>	<u>3,757,009</u>
DECREASES		
Commissions charged and paid to Administration Fund	1,857	2,515
Court actions (Payments out of Court)	1,386,554	1,963,777
Divorce fees	6,860	6,550
Excess interest paid to Administration Fund	-	8,000
Fees paid to Consolidated Revenue Fund	1,366,867	1,060,686
Fines and bail	-	9,865
Judgment recovery	-	1,200
Law society fees	11,001	16,281
	<u>2,773,139</u>	<u>3,068,874</u>
Net increase	3,107,067	688,135
Fund balance, beginning of year	4,092,195	3,404,060
Fund balance, end of year	\$ 7,199,262	\$ 4,092,195

See accompanying notes

STATEMENT 4

**REGISTRAR OF THE SUPREME COURT
STATEMENT OF CHANGES IN FUND BALANCE
ADMINISTRATION FUND**

For the Year Ended 31 March	2005	2004
INCREASES		
Commissions received from other Funds	\$ 290,926	\$ 290,555
Excess interest earned on other Funds	-	23,300
Harmonized sales tax received from Estate/Trust Fund	43,303	42,681
Harmonized sales tax refunded from Federal Government	-	2,275
Refunds to Special Reserve Fund	4,000	35,878
Unclaimed and undistributable amounts received from other Funds	45	1,133
	<u>338,274</u>	<u>395,822</u>
DECREASES		
Commissions paid to Consolidated Revenue Fund	291,526	292,160
Harmonized sales tax remitted to Federal Government	42,683	42,901
Office administration expenses paid from Special Reserve Fund	21,822	558
Professional fees	26,945	15,097
Unclaimed and undistributable amounts paid to Consolidated Revenue Fund	45	1,133
	<u>383,021</u>	<u>351,849</u>
Net increase (decrease)	(44,747)	43,973
Fund balance, beginning of year	219,118	175,145
Fund balance, end of year	\$ 174,371	\$ 219,118

See accompanying notes

REGISTRAR OF THE SUPREME COURT
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Registrar of the Supreme Court (the Registrar) operates under the authority of the *Judicature Act*.

The Registrar administers estates of deceased persons when appointed personal representative by the Supreme Court of Newfoundland and Labrador and administers trusts of minors and mentally disabled persons when appointed guardian by the Court or by virtue of Section 20 of the *Mentally Disabled Persons' Estates Act*. The Registrar also has custody of monies paid to the Court in pending actions, as well as monies paid to the Court or to the Registrar under various statutes.

1. Basis of accounting

These financial statements have been prepared by the Registrar in accordance with the significant accounting policies set out below to meet the information needs of the Registrar, the Chief Justice of the Trial Division of the Supreme Court of Newfoundland and Labrador, and the Government of Newfoundland and Labrador under Section 67 of the *Judicature Act*. The basis of accounting used in these financial statements materially differs from Canadian generally accepted accounting principles because all receipts and disbursements are being recognized on a cash basis and not all expenditures related to the operations of the Registrar are reflected in these statements.

Significant accounting policies

These financial statements are prepared on the cash basis of accounting. Outlined below are the significant accounting policies followed.

(a) Administrative expenditures

The Office of the Registrar, for administrative purposes, operates as a division of the Department of Justice. Therefore, expenditures related to salaries, accommodations and administration are absorbed by the Department of Justice and no provision has been made in these financial statements for the cost of these items. However, office administration expenditures paid from the Registrar's Special Reserve Fund under Section 72(2) of the *Judicature Act* are recorded in these financial statements in the amount of \$21,822 for the 2004-05 year (2003-04 \$558).

(b) Investments

Investments consist of Bank and Trust Company Guaranteed Investment Certificates, Canada Savings Bonds, mortgages, pre-arranged funerals, promissory notes, Registered Retirement Savings Plans/Income Funds and shares owned by estates at the dates of appointment of the Registrar. Such investments are recorded at face or market value, except for mortgages and promissory notes which are recorded at face value net of principal payments received.

REGISTRAR OF THE SUPREME COURT
NOTES TO FINANCIAL STATEMENTS
31 March 2005

1. Basis of accounting (cont.)

Significant accounting policies (cont.)

(c) Real estate and other assets

Real estate and other assets are recorded in these financial statements at an aggregate nominal value of \$1 as valuation of these assets is not readily determinable. These assets are recorded in the client accounts at estimated market value for administrative purposes.

(d) Capital assets

Capital assets are charged to expenditure in the year of acquisition.

2. Estate/Trust Fund

The Registrar, in certain cases, is appointed by the Court as personal representative of the estates of deceased persons or as guardian of the trusts of minors and mentally disabled persons. The trust accounts of the Registrar include monies and other assets held on behalf of such estates/trusts.

3. Supreme Court Fund

The Supreme Court Fund consist mainly of monies received by the Registrar under, inter alia, the following Acts, and Rules and Regulations thereunder:

- (a) *Automobile Insurance Act*
- (b) *Direct Sellers Act*
- (c) *Elections Act, 1991*
- (d) *Expropriation Act*
- (e) *Judicature Act*
- (f) *Leaseholds in St. John's Act*
- (g) *Life Insurance Act*
- (h) *Municipalities Act*
- (i) *Public Utilities Acquisition of Lands Act*
- (j) *Real Estate Trading Act*
- (k) *Residential Tenancies Act (2000)*
- (l) *Unified Family Court Act*

4. Administration Fund

The Administration Fund was established to record monies collected pursuant to the Rules of the Supreme Court of Newfoundland and Labrador. It is comprised primarily of a Special Reserve Fund consisting of interest earned in the Estate/Trust Fund and Supreme Court Fund in excess of that allocated to clients in accordance with Section 72(1) of the *Judicature Act*. Other monies flowing through the Administration Fund include commissions and unclaimed and undistributable assets to be paid over to the Consolidated Revenue Fund, and Harmonized Sales Tax collected on commissions to be paid over to the Federal Government.

REGISTRAR OF THE SUPREME COURT
NOTES TO FINANCIAL STATEMENTS
31 March 2005

5. Investments

	<u>2005</u>	<u>2004</u>
Total investments held for all Funds is comprised of the following:		
Guaranteed Investment Certificates and Canada Savings Bonds	\$ 16,442,259	\$ 13,579,073
Mortgages	129,280	5,000
Pre-arranged funerals	214,518	189,031
Promissory notes	-	28,806
Registered Retirement Savings Plans/Income Funds and Registered Education Savings Plans	545,711	640,259
Shares	19,926	40,211
	<u>\$ 17,351,694</u>	<u>\$ 14,482,380</u>

6. Related party transactions

Commissions earned and service fees are paid into the Province's Consolidated Revenue Fund.

7. Income taxes

The Registrar of the Supreme Court of Newfoundland and Labrador is an entity of the Crown and as such is not subject to Provincial or Federal income taxes.

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

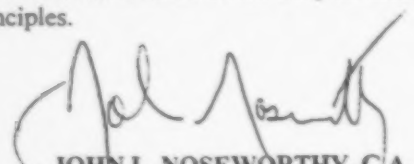
AUDITOR'S REPORT

To the Board of Directors
Special Celebrations Corporation
of Newfoundland and Labrador, Inc.
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Special Celebrations Corporation of Newfoundland and Labrador, Inc. as at 31 March 2005 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.I.A.
Auditor General

St. John's, Newfoundland and Labrador
10 June 2005

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.
BALANCE SHEET**

31 March

2005

2004

ASSETS

Current

Cash	\$ 204,778	\$ 201,163
Accounts receivable (Note 2)	423	377
	205,201	201,540
Tangible capital assets (Note 3)	-	745
	\$ 205,201	\$ 202,285

LIABILITIES AND SHAREHOLDER'S EQUITY

Current

Accounts payable and accrued liabilities	\$ 11,796	\$ 10,996
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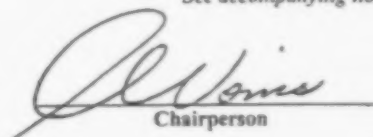
Shareholder's equity

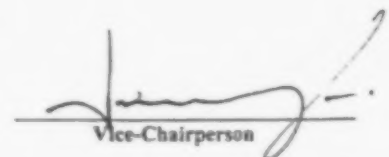
Share capital

Authorized and issued 500 common shares of no par value	1	1
Surplus	193,404	191,288
	193,405	191,289
	\$ 205,201	\$ 202,285

See accompanying notes

Signed on behalf of the Board:


Chairperson


Vice-Chairperson

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March

	2005	2004
REVENUES		
Bank interest	\$ 3,576	\$ 5,792
EXPENSES		
Access North - Snow Safari Program	-	9,492
Administration	715	5,584
Amortization	745	6,410
Bad debt expense	-	4,529
Staffing	-	38,523
	1,460	64,538
Excess of revenues over expenses (expenses over revenues)	2,116	(58,746)
Surplus, beginning of year	191,288	250,034
Surplus, end of year	\$ 193,404	\$ 191,288

See accompanying notes

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.
STATEMENT OF CASH FLOWS
For the Year Ended 31 March**

	2005	2004
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	\$ 2,116	\$ (58,746)
Adjustment for non-cash items		
Amortization	745	6,410
	2,861	(52,336)
Changes in non-cash working capital	754	56,320
Net increase in cash	3,615	3,984
Cash, beginning of year	201,163	197,179
Cash, end of year	\$ 204,778	\$ 201,163

See accompanying notes

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Special Celebrations Corporation of Newfoundland and Labrador, Inc. (the Corporation) was incorporated under the *Corporations Act* on 27 August 1998. All shares of the Corporation are held by the Minister of Tourism, Culture and Recreation on behalf of the Province. The purpose of the Corporation is to plan, organize, manage and supervise tourism special events for the Government of Newfoundland and Labrador. Its affairs are governed by a Board of Directors appointed by the Minister of Tourism, Culture and Recreation.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below is the significant accounting policy followed.

Tangible capital assets

All tangible capital assets to which the Corporation has title are recorded at cost at the time of acquisition. Grants towards the acquisition of tangible capital assets are deducted from the related tangible capital asset cost with any amortization calculated on the net amount. Amortization is calculated on a straight line basis as follows:

Computer equipment - 2 years
Furniture - 5 years

2. Accounts receivable

	2005	2004
Other	\$ 4,529	\$ 4,529
Bank interest	348	302
Harmonized sales tax	75	75
	4,952	4,906
Less: Allowance for doubtful accounts	(4,529)	(4,529)
	\$ 423	\$ 377

**SPECIAL CELEBRATIONS CORPORATION
OF NEWFOUNDLAND AND LABRADOR, INC.**
NOTES TO FINANCIAL STATEMENTS
31 March 2005

3. Tangible capital assets

			2005		2004
	Cost	Capital Grants	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 69,309	\$ 31,837	\$ 37,472	\$ -	\$ 745
Furniture	9,778	9,778	-	-	-
	\$ 79,087	\$ 41,615	\$ 37,472	\$ -	\$ 745

4. Related party transactions

The Province has provided certain office equipment and furnishings at no cost to the Corporation. These assets are not reflected in these financial statements.

5. Economic dependence

As a result of the Corporation's reliance on Provincial funding, the Corporation's ability to continue viable operations is dependent upon the decisions of the Province.

6. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

7. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.



Financial Statements of

**ST. JOHN'S NURSING HOME BOARD
(Regional Services and
the Hoyles-Escasoni Complex)**

March 31, 2005



Deloitte & Touche LLP
10 Factory Lane
Fort William Building
St. John's NL A1C 6H5
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Auditors' Report

To the Members of the Board of Directors of
St. John's Nursing Home Board

We have audited the balance sheet of the St. John's Nursing Home Board (Regional Services and the Hoyles-Escasoni Complex) as at March 31, 2005, and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
May 19, 2005

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Statement of Operations
Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
REVENUE		
Provincial plan	59,610,105	60,484,861
Less: amounts paid to nursing homes	29,488,915	29,941,412
	30,121,190	30,543,449
Residents	4,299,054	4,209,707
Other	827,112	789,494
	35,247,356	35,542,650
EXPENDITURES		
Nursing/inpatient services	17,968,831	18,227,555
Support services	9,505,439	9,517,054
Administration	4,690,858	4,854,524
Diagnostic and therapeutic services	1,871,545	2,058,360
Other	-	218,223
Education	85,633	103,641
Interest, municipal taxes and insurance	138,435	160,208
	34,260,741	35,139,565
SURPLUS ON OPERATIONS	986,615	403,085
BOARD FUND OPERATIONS	(157,613)	(188,402)
SURPLUS BEFORE NON-SHAREABLE ITEMS	829,002	214,683
ADJUSTMENT FOR NON-SHAREABLE ITEMS:		
Amortization of deferred capital contributions	295,105	317,275
Amortization of capital assets	(1,081,374)	(1,148,682)
Accrued vacation	(7,700)	(161,377)
Accrued severance	(232,882)	(88,059)
EXCESS OF EXPENDITURES OVER REVENUE	(197,849)	(866,160)

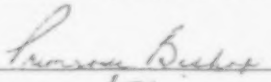
ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Statement of Changes in Fund Balances
Year Ended March 31, 2005

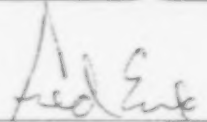
	2005			2004	
	Operating Fund	Net Investment in Capital Assets	Board Equity	Total	Total
	\$	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	(10,077,423)	12,401,377	157,613	2,481,567	3,347,727
Excess of revenue over expenditures (expenditures over revenue)	746,033	(786,269)	(157,613)	(197,849)	(866,160)
Repayment of lease principal	(306,430)	306,430	-	-	-
BALANCE, END OF YEAR	(9,637,820)	11,921,538	-	2,283,718	2,481,567

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Balance Sheet
March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
ASSETS		
CURRENT		
Cash	176,463	-
Accounts receivable (Note 3)	1,005,461	1,201,615
Inventory	226,554	302,402
Prepaid expenses	42,041	46,577
	<u>1,450,519</u>	<u>1,550,594</u>
DEFERRED CHARGES (Note 12)	601,672	705,114
RESIDENTS' TRUST FUNDS	653,856	595,998
CAPITAL ASSETS (Note 4)	16,131,511	16,885,031
	<u>18,837,558</u>	<u>19,736,737</u>
LIABILITIES AND FUND BALANCES		
CURRENT		
Bank indebtedness and short term loan (Note 5)	-	1,258,537
Accounts payable and accrued liabilities	2,719,211	2,170,923
Accrued vacation pay	1,672,267	1,664,567
Due to affiliated entities (Note 6)	1,095,968	976,595
Deferred operating grants	360,600	410,600
Deferred capital grants	920,376	1,005,589
Current portion of obligations under capital lease (Note 7)	318,928	298,183
	<u>7,087,350</u>	<u>7,784,994</u>
OBLIGATIONS UNDER CAPITAL LEASE (Note 7)	340,026	667,201
RESIDENTS' TRUST FUNDS	653,856	595,998
ACCRUED SEVERANCE PAY	4,921,589	4,688,707
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	3,551,019	3,518,270
	<u>16,553,840</u>	<u>17,255,170</u>
CONTINGENCIES (Note 14)		
FUND BALANCES		
Operating fund	(9,637,820)	(10,077,423)
Net investment in capital assets (Note 9)	11,921,538	12,401,377
Board equity	-	157,613
	<u>2,283,718</u>	<u>2,481,567</u>
	<u>18,837,558</u>	<u>19,736,737</u>

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Statement of Cash Flows
Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of expenditures over revenue	(197,849)	(866,160)
Adjustments for:		
Amortization of capital assets	1,081,374	1,148,682
Amortization of deferred capital contributions	(295,105)	(317,275)
Increase in severance pay accrual	232,882	88,059
Changes in non-cash working capital (Note 10)	816,686	(2,260,334)
	<u>1,637,988</u>	<u>(2,207,028)</u>
INVESTING ACTIVITIES		
Decrease in deferred charges	103,442	103,442
Purchase of capital assets	(327,854)	(724,131)
	<u>(224,412)</u>	<u>(620,689)</u>
FINANCING ACTIVITIES		
Repayment of obligations under capital lease	(306,430)	(271,026)
Deferred building and equipment grants	327,854	724,131
	<u>21,424</u>	<u>453,105</u>
NET INCREASE (DECREASE) IN CASH RESOURCES	<u>1,435,000</u>	<u>(2,374,612)</u>
CASH (BANK INDEBTEDNESS), BEGINNING OF YEAR	<u>(1,258,537)</u>	<u>1,116,075</u>
CASH (BANK INDEBTEDNESS), END OF YEAR	<u>176,463</u>	<u>(1,258,537)</u>
SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION:		
Interest paid	46,026	81,596

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2005

1. DESCRIPTION OF BUSINESS

The St. John's Nursing Home Board is a partnership of not-for-profit organizations that operates six homes in the St. John's region. It was constituted under the Hospital's Act by the Province of Newfoundland and Labrador and given the mandate to operate the Hoyles-Escasoni Complex, arrange agreements with nursing home owner/operators and assume responsibility for the St. John's Nursing Home budget with a goal of promoting quality care for the aged and young disabled.

During the year the Eastern Regional Integrated Health Authority (the "Authority") was created to assume the responsibility of governance for health services in the Eastern Region of Newfoundland and Labrador. As of April 1, 2005, the Authority has assumed responsibility for the operations of several institutional and community Boards in the Eastern Region, which includes the St. John's Nursing Home Board.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Basis of presentation

As at March 31, 2005, management and operations of all nursing homes had not been assumed by this Board. These financial statements reflect the operations of the St. John's Nursing Home Board regional services and those of the Hoyles-Escasoni Complex. These financial statements do not reflect the operations of the remaining homes, all of which have issued financial statements on an individual basis.

These financial statements include all assets, liabilities, revenues and expenditures of the Board and the Residents' trust. The Board maintains a trust fund for residents to fund incidental personal expenses. These funds are the property of the individual residents and the Board maintains these funds at their request.

Fund accounting

The Board employs fund accounting, classifying financial statement items in either the operating fund, net investment in capital assets or Board equity.

The operating fund includes the operating assets and liabilities of the Board. Income consists of revenue from providing accommodation and health care services (including grants and subsidies). Expenses of this fund consist of those incurred to provide accommodation and health care services. Additionally, it receives funds from the Department of Health and Community Services of the Government of Newfoundland and Labrador (the "Department") in the form of capital grants together with contributions from other sources restricted for capital purposes.

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund accounting (Continued)

The net investment in capital assets represents assets purchased for the use of the operating fund.

Board equity fund contains assets held for special purposes which may be used at the discretion of the Board and to fund expenditures incurred for the benefit of the residents. Revenue consists primarily of bequests, donations and interest income. Expenses charged to these funds consist of items that are not funded by the Department.

Revenue recognition

The Board follows the deferral method of accounting for contributions whereby externally restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenditure is incurred. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions related to depreciable capital assets are recorded as deferred capital contributions and amortized to income on the same basis as the related capital assets are being amortized.

The Board is reimbursed by the Department for the total of its operating costs after deductions of specific revenue and expenditures. The final amount to be received by the Board for the 2005 fiscal year will not be determined until the Department has completed its review of the Board's financial statements. Adjustments resulting from the Department's reviews and final position statements will be considered by the Board and reflected in the year of assessment.

Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis.

Capital assets

Original capital assets transferred to the Board:

On October 1, 1987, the land, buildings and furniture and equipment of the Regional Services and the Hoyles-Escasoni Complex became the responsibility of the Board of Directors of the Hoyles-Escasoni Complex. On April 1, 1997 the capital assets became the responsibility of the Board of Trustees of the St. John's Nursing Home Board. The property transferred at this date, however, remains under the legal ownership of the Province of Newfoundland and Labrador. The financial statements have been prepared to reflect all assets under the responsibility of the Board. Accordingly, the amounts reported for land, buildings and furniture and equipment include an estimate by management of the market value of those assets transferred on October 1, 1987.

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets (Continued)

The valuation of the capital assets at October 1, 1987 was as follows:

	\$
Land	650,000
Buildings	16,100,000
Furniture and equipment	3,900,000
	20,650,000

Capital assets acquired after October 1, 1987:

Additions subsequent to October 1, 1987, for buildings, furniture and equipment are recorded at cost.

Amortization of capital assets

Amortization is calculated at the following rates based on the following estimated life expectancies:

	<u>Basis</u>	<u>Rate</u>
Buildings	Straight line	2.50%
Furniture and Equipment - Complex	Straight line	6.67%
Furniture and Equipment - Regional	Straight line	20%
Computer Equipment - Complex	Straight line	20%
Vehicles	Straight line	20%
Assets under capital lease - hardware	Straight line	25%
- software	Straight line	14.3%

Vacation pay

Vacation pay is accrued for all employees as entitlement to these payments is earned.

Severance pay

Severance pay is accrued for all employees for which the right to such compensation is vested. As the Province of Newfoundland and Labrador funds the Board on a cash basis, this item is disclosed as non-shareable.

No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of service.

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension and other post employment benefits

Employees of the Board are included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. The Government also provides for the continuation of certain dental and medical benefits for retirees. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions and other post employment benefits are recognized as an expense in the accounts on a current basis.

Deferred charges

Deferred charges include costs incurred relating to an energy performance contract as disclosed in Note 12. The deferred charges are being amortized over the 9.75 year life of the energy performance contract.

Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting periods. Actual results could differ from those estimates.

3. ACCOUNTS RECEIVABLE

	<u>2005</u>	<u>2004</u>
	\$	\$
Province of Newfoundland and Labrador - operating grant	144,199	546,831
Residents, insurers and other	712,656	567,229
HST rebate from federal government	148,606	87,555
	<u>1,005,461</u>	<u>1,201,615</u>

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2005

4. CAPITAL ASSETS

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Land	650,000	-	650,000	650,000
Buildings	23,104,867	8,941,904	14,162,963	14,507,413
Furniture and equipment	6,944,006	6,185,240	758,766	824,345
Computer equipment	566,758	486,562	80,196	118,082
Vehicles	259,558	208,440	51,118	87,633
	31,525,189	15,822,146	15,703,043	16,187,473
Assets acquired under capital lease	1,504,827	1,076,359	428,468	697,558
	33,030,016	16,898,505	16,131,511	16,885,031

5. BANK INDEBTEDNESS

The Board has an authorized line of credit of \$6,600,000, the full amount of which was available at year end. This line of credit bears interest at the bank's prime lending rate less 0.625% and is unsecured. At April 1, 2005, the authorized limit of this line of credit was reduced to \$3,400,000.

6. DUE TO AFFILIATED ENTITIES

	2005	2004
	\$	\$
Saint Luke's Home	(39,262)	(129,893)
Masonic Park-Nursing Home	(92,003)	(40,004)
The Salvation Army Glenbrook Lodge	(276,652)	(218,632)
St. Patrick's Mercy Home	(585,849)	(425,348)
The Agnes Pratt Home	(102,202)	(162,718)
	(1,095,968)	(976,595)

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2005

7. OBLIGATIONS UNDER CAPITAL LEASE

Future minimum payments under capital leases, together with the balance of the obligation due under capital leases are as follows for the year ending in:

	\$
2006	354,188
2007	354,188
Total minimum lease payments	708,376
Less: amount representing interest	49,422
	658,954
Less: current portion	318,928
Balance of the obligation	340,026

Interest has been imputed at 6.84%.

8. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions relating to capital assets which will be reported in revenue in future accounting periods. Deferred capital contributions are amortized on a basis and at a rate consistent with the amortization rate for the related asset purchased.

The changes in deferred capital contribution balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
	\$	\$
Balance, beginning of the year	3,518,270	3,111,414
Grants received	327,854	724,131
Amortization for the year	(295,105)	(317,275)
Balance, end of the year	3,551,019	3,518,270

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2005

9. NET INVESTMENT IN CAPITAL ASSETS

	<u>2005</u>	<u>2004</u>
	\$	\$
Capital assets, net	16,131,511	16,885,031
Current portion of obligations under capital lease	(318,928)	(298,183)
Obligations under capital lease	(340,026)	(667,201)
Deferred capital contributions	(3,551,019)	(3,518,270)
Net investment in capital assets	11,921,538	12,401,377

The excess of expenditures over revenue reported in the statement of changes in fund balances for net investment in capital assets includes the following:

	<u>2005</u>	<u>2004</u>
	\$	\$
Amortization of deferred capital contributions	295,105	317,275
Amortization of capital assets	(1,081,374)	(1,148,682)
	(786,269)	(831,407)

10. CHANGES IN NON-CASH WORKING CAPITAL

	<u>2005</u>	<u>2004</u>
	\$	\$
Accounts receivable	196,154	(314,693)
Inventory	75,848	(59,766)
Prepaid expenses	4,536	(15,174)
Accounts payable and accrued liabilities	548,288	(1,653,381)
Due to affiliated entities	119,373	93,860
Deferred operating grants	(50,000)	336,847
Deferred capital grants	(85,213)	(809,404)
Accrued vacation pay	7,700	161,377
	816,686	(2,260,334)

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Notes to the Financial Statements
March 31, 2005

11. COMMITMENT TO FUND ACCUMULATED OPERATING DEFICIT

The St. John's Nursing Home Board has committed to funding any accumulated operating deficit that arises within the six nursing homes as funding becomes available from the Department of Health and Community Services. For the year ended March 31, 2005, the accumulated deficit of the homes, including the Hoyles-Escasoni Complex, totals \$3,645,636 as disclosed in Schedule 4.

12. CONTRACTUAL AGREEMENTS

The Board entered into an Energy Performance Contract on August 11, 1998 with the Enerplan/Rose Group for the design, implementation and monitoring of energy efficiency improvements. The cost of the contract was \$5,605,094. Lump sum amounts aggregating \$1,008,555 have been paid and recorded as deferred charges with the remaining balance of \$4,596,439 being financed by the Enerplan/Rose Group through CitiCapital Technology Finance Limited. The deferred charge amount is being amortized at \$103,442 annually for 9.75 years while the payments to the Enerplan/Rose Group are \$56,833 per month over a period of 9.75 years.

The Enerplan/Rose Group has assigned its payments under the contract to CitiCapital Technology Finance Limited. As at March 31, 2005, the outstanding balance of the financing through the Enerplan/Rose Group was \$3,355,630. The Board's obligation for payment is limited to actual cost savings as the Enerplan/Rose Group has guaranteed the reduction in operating costs would equal or exceed the costs incurred under the contract.

Funding for the contract is from operating savings and has been approved in this manner by the Province of Newfoundland and Labrador. As a result, the monthly payments and the amortization of the deferred charges relating to lump sum amounts under the contract are being reported in the Board's operating statements as a normal operating cost.

13. FINANCIAL INSTRUMENTS

The carrying values of the financial instruments included in current assets and current liabilities approximate fair value due to the short term to maturity of these financial instruments. The carrying value of capital lease obligations approximates fair value based upon current borrowing rates available to the Board.

14. CONTINGENCIES

A number of claims have been filed against the Board. No provision has been recorded in the accounts for these claims as the Board does not expect to incur any significant liability, and an estimate of loss, if any, is not determinable at this time.

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Expenditures for Government Reporting
Year ended March 31, 2005

	2005		2004	
	Regional	Hoyles-Escasoni	Total	Total
	\$	\$	\$	\$
ADMINISTRATION				
Executive offices	945,403	201,023	1,146,426	1,083,818
Finance	945,898	-	945,898	977,698
Human resources	918,820	-	918,820	1,106,498
Information systems	678,918	-	678,918	582,397
Materials management	432,440	-	432,440	378,847
Telecommunications	14,642	73,370	88,012	132,821
Planning and development	229,190	-	229,190	364,043
Quality initiatives	108,525	-	108,525	100,582
Volunteer services	66,302	-	66,302	64,455
Public relations	76,327	-	76,327	63,365
	4,416,465	274,393	4,690,858	4,854,524
SUPPORT SERVICES				
Food services	-	3,863,623	3,863,623	3,867,357
Housekeeping	-	1,704,544	1,704,544	1,799,807
Plant operations	211,396	1,495,627	1,707,023	1,474,971
Laundry	1,021,613	395,622	1,417,235	1,437,877
Plant maintenance	156,493	537,247	693,740	826,409
Resident transportation	6	55,291	55,297	73,184
Security	49,675	14,302	63,977	37,449
	1,439,183	8,066,256	9,505,439	9,517,054
NURSING/INPATIENT SERVICES				
Nursing services	719,847	16,312,826	17,032,673	17,440,782
Nursing administration	-	883,936	883,936	733,668
Medical administration	52,222	-	52,222	53,105
	772,069	17,196,762	17,968,831	18,227,555
DIAGNOSTIC AND THERAPEUTIC SERVICES				
Recreation therapy	75,625	451,368	526,993	571,696
Physiotherapy	345,294	67,352	412,646	501,876
Social work	87,817	271,553	359,370	380,655
Clinical nutrition	300,771	-	300,771	310,604
Occupational therapy	268,703	3,062	271,765	293,529
	1,078,210	793,335	1,871,545	2,058,360
EDUCATION	85,633	-	85,633	103,641
INTEREST LONG-TERM DEBT, MUNICIPAL				
TAXES AND INSURANCE	50,066	88,369	138,435	160,208
OTHER	-	-	-	218,223
	7,841,626	26,419,115	34,260,741	35,139,565

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Revenues and Expenditures for Government Reporting
Year ended March 31, 2005

	2005			2004
	<u>Regional</u>	<u>Hoyles-Escasoni</u>	<u>Total</u>	<u>Total</u>
	\$	\$	\$	\$
REVENUE				
Provincial plan	39,035,568	20,574,537	59,610,105	60,484,861
Less: paid to nursing homes	(29,488,915)	-	(29,488,915)	(29,941,412)
	9,546,653	20,574,537	30,121,190	30,543,449
Residents	-	4,299,054	4,299,054	4,209,707
Other	118,176	708,936	827,112	789,494
	9,664,829	25,582,527	35,247,356	35,542,650
EXPENDITURES				
Salaries	5,553,206	18,239,313	23,792,519	24,310,822
Employee benefits	1,166,221	4,085,641	5,251,862	5,613,258
Supplies - regular	1,909,303	2,946,982	4,856,285	4,832,803
Supplies - drugs	3,151	101,905	105,056	112,762
Supplies - medical and surgical	307	208,686	208,993	188,324
Lease - interest	46,026	-	46,026	81,596
Lease - principal	306,430	-	306,430	271,026
	8,984,644	25,582,527	34,567,171	35,410,591
SURPLUS ON OPERATIONS	680,185	-	680,185	132,059
Long term debt - principal	306,430	-	306,430	271,026
BOARD FUND OPERATIONS	(157,613)	-	(157,613)	(188,402)
SURPLUS BEFORE NON-SHAREABLE ITEMS	829,002	-	829,002	214,683
ADJUSTMENT FOR NON-SHAREABLE ITEMS:				
Amortization of deferred capital contributions	100,163	194,942	295,105	317,275
Amortization of capital assets	(369,233)	(712,141)	(1,081,374)	(1,148,682)
Accrued vacation	(44,661)	36,961	(7,700)	(161,377)
Accrued severance	(45,718)	(187,164)	(232,882)	(88,059)
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	469,553	(667,402)	(197,849)	(866,160)

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Capital Transactions Funding and Expenditures
for Government Reporting
Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	\$	\$
SOURCE OF FUNDS		
Deferred capital grant from prior year	1,005,589	1,814,993
Provincial capital grant in current year	849,100	734,074
Transfer from operations	160,000	-
Transfer from board fund	119,903	-
Contributions from other sources	2,667	-
Transfer to operating grant	(80,300)	(80,300)
Transfers to nursing homes	(903,789)	(602,266)
Transfer to deferred operating grant	-	(160,600)
Capital contribution from Charitable Golf Tournament	27,951	23,328
Capital contribution from Hoyles-Escasoni Foundation Inc.	67,109	491
Deferred capital grant from current year	(920,376)	(1,005,589)
	<u>327,854</u>	<u>724,131</u>
EXPENDITURES		
Purchase of capital assets	327,854	724,131
	<u>327,854</u>	<u>724,131</u>
SURPLUS (DEFICIT) ON CAPITAL PURCHASES	-	-

ST. JOHN'S NURSING HOME BOARD
(Regional Services and the Hoyles-Escasoni Complex)
Schedule of Accumulated Operating Deficit
for Government Reporting
Year ended March 31, 2005

	<u>2005</u>	<u>2004</u>
	<u>\$</u>	<u>\$</u>
CURRENT ASSETS		
Cash	176,463	-
Accounts receivable	1,005,461	1,201,615
Inventory	226,554	302,402
Prepaid expenses	42,041	46,577
	<u>1,450,519</u>	<u>1,550,594</u>
CURRENT LIABILITIES		
Bank indebtedness and short term loan	-	1,258,537
Accounts payable and accrued liabilities	2,719,211	2,170,923
Due to affiliated entities	1,095,968	976,595
Deferred operating grants	360,600	410,600
Deferred capital grants	920,376	1,005,589
	<u>5,096,155</u>	<u>5,822,244</u>
ACCUMULATED OPERATING DEFICIT	<u>(3,645,636)</u>	<u>(4,271,650)</u>

**St. John's Regional Health and Community
Services Board
Consolidated Financial Statements
March 31, 2005**

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Chairperson and Members of the
Eastern Regional Integrated Health Authority

We have audited the consolidated statement of financial position of **St. John's Regional Health and Community Services Board** at March 31, 2005 and the consolidated statements of operations, changes in net assets (deficiency) and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
June 8, 2005

Grant Thornton LLP
Chartered Accountants

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**St. John's Regional Health and Community
Services Board
Consolidated Statement of Operations**

Year Ended March 31	2005	2004
Revenue		
Provincial Plan	\$ 80,160,845	\$ 78,566,522
Interest and other	<u>583,115</u>	<u>426,170</u>
	<u>80,743,960</u>	<u>78,992,692</u>
Cost of services		
Administration	6,426,791	6,595,482
Client services programs		
Addictions	1,254,337	1,238,909
Continuing Care	15,174,816	14,494,410
Health Promotion and Protection	4,917,875	5,544,620
Mental Health	3,993,375	3,864,628
Child, Youth and Family Services	25,081,006	23,969,142
Family and Rehabilitation	26,448,201	24,452,575
Community Corrections	1,120,292	1,182,435
Board Fund expenditures	<u>160,918</u>	<u>164,220</u>
	<u>84,577,611</u>	<u>81,506,421</u>
Deficit prior to non-shareable items	(3,833,651)	(2,513,729)
Non-shareable operating items		
Amortization of government capital assistance	113,115	109,319
Vacation pay	(230,603)	(240,663)
Depreciation	(192,070)	(199,683)
Severance pay	<u>(206,079)</u>	<u>(418,486)</u>
Deficiency of revenue over cost of services	<u>\$ (4,349,288)</u>	<u>\$ (3,263,242)</u>

See accompanying notes to the consolidated financial statements.

Grant Thornton 

**St. John's Regional Health and Community
Services Board**

Consolidated Statement of Financial Position

March 31 2005 2004

Assets

Current

Receivables	\$ 1,710,688	\$ 1,825,246
Prepays	<u>954,612</u>	<u>743,860</u>
	2,665,300	2,569,106

Capital assets (Note 3)	<u>1,780,963</u>	<u>1,852,903</u>
	<u>\$ 4,446,263</u>	<u>\$ 4,422,009</u>

Liabilities

Current

Bank indebtedness (Note 4)	\$ 6,306,763	\$ 3,885,288
Payables and accruals	5,137,053	3,991,551
Advance for Breast Screening Project (Note 5)	1,130,809	1,001,385
Vacation pay payable	1,897,814	1,667,211
Deferred revenue	2,653,734	2,349,391
Current portion of long term debt	<u>74,126</u>	<u>69,808</u>

17,200,299 12,964,634

Severance pay payable 4,218,113 4,012,034

Long term debt (Note 6) 928,021 1,002,147

Deferred government capital assistance (Note 7) 319,833 313,909

22,666,266 18,292,724

Net Assets (Deficiency)

Net assets invested in capital assets (Note 8) 458,983 467,039

Deficiency - Operating Fund (18,706,861) (14,552,791)

Unrestricted net assets - Board Fund 27,875 215,037

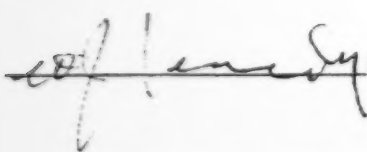
(18,220,003) (13,870,715)

\$ 4,446,263 \$ 4,422,009

Commitments (Note 10)

Contingencies (Note 11)

On behalf of the Board

 Member  Member

See accompanying notes to the consolidated financial statements.

Grant Thornton

St. John's Regional Health and Community Services Board **Consolidated Statement of Changes in Net Assets (Deficiency)**

Year Ended March 31

2005 2004

	Net Assets Invested in Capital Assets	Deficiency Operating Fund	Unrestricted Net Assets Board Fund	Total	Total
Balances, beginning of year	\$ 467,039	\$ (14,552,791)	\$ 215,037	\$ (13,870,715)	\$ (10,607,473)
Deficiency of revenue over cost of services	(78,955)	(4,083,171)	(187,162)	(4,349,288)	(3,263,242)
Transfer for capital asset	1,091	(1,091)	-	-	-
Transfer for debt repayment	<u>69,808</u>	<u>(69,808)</u>	-	-	-
Balances, end of year	\$ 458,983	\$ (18,706,861)	\$ 27,875	<u>\$ (18,220,003)</u>	<u>\$ (13,870,715)</u>

Deficiency comprised of:

Balance prior to accrual for unfunded items	\$ 12,590,934
Vacation pay payable	1,897,814
Severance pay payable	<u>4,218,113</u>
	\$ 18,706,861

See accompanying notes to the consolidated financial statements.

Grant Thornton

**St. John's Regional Health and Community
Services Board**

Consolidated Statement of Cash Flows

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating		
Deficiency of revenue over cost of services	\$ (4,349,288)	\$ (3,263,242)
Amortization of government capital assistance	(113,115)	(109,319)
Depreciation	192,070	199,683
Severance pay	<u>206,079</u>	<u>418,486</u>
	(4,064,254)	(2,754,392)
Change in non-cash operating working capital (Note 9)	<u>1,713,678</u>	<u>2,139,770</u>
	<u>(2,350,576)</u>	<u>(614,622)</u>
Financing and Investing		
Proceeds from long term debt	-	500,000
Repayment of long term debt	(69,808)	(49,921)
Capital contributions from Provincial Plan	119,039	91,337
Purchase of capital assets	(120,130)	(765,667)
(Decrease) increase in bank borrowings	<u>(3,275,000)</u>	<u>25,000</u>
	<u>(3,345,899)</u>	<u>(199,251)</u>
Net decrease in cash and cash equivalents	(5,696,475)	(813,873)
Cash and cash equivalents (Note 4)		
Beginning of year	<u>(610,288)</u>	<u>203,585</u>
End of year	<u>\$ (6,306,763)</u>	<u>\$ (610,288)</u>

See accompanying notes to the consolidated financial statements.

St. John's Regional Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2005

1. Nature of operations

Operating Fund

The Operating Fund is used to account for the operating activities of the Organization provided through the following programs: Addictions; Continuing Care; Health Promotion and Protection; Mental Health; Child, Youth and Family Services; Family and Rehabilitation; and Community Corrections. These health care services are provided in the areas of St. John's, Mount Pearl, Bell Island, Conception Bay South and the Southern Shore to St. Shotts and are delivered under the name Health and Community Services - St. John's Region.

Any investment revenue and interest earned on the operating accounts are credited to the Board Fund. The operations of the Board are conducted under the name St. John's Regional Health and Community Services Board - Board Fund.

Board Fund

The Board Fund is used to provide for any discretionary spending of the Board of Directors and as such excludes any cost shareable operating activities. The investment revenue and the interest earned on the operating account are fully credited to the Board Fund. The Board Fund may be used to partially offset any Operating Fund deficits.

2. Significant accounting policies

Use of estimates

In preparing the organization's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Revenue recognition

St. John's Regional Health and Community Services Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Provincial Plan revenue is recognized when received or receivable for the fiscal year for which the amounts are approved by the Department of Health and Community Services.

Pension costs

Employees of the Board included in the Public Service Pension Plan and the Government Money Purchase Plan administered by the Government of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis. Contributions paid and expensed by the organization for the year ended March 31, 2005 amounted to \$1,748,318.

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**St. John's Regional Health and Community
Services Board**
Notes to the Consolidated Financial Statements

March 31, 2005

2. Significant accounting policies (cont'd).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks (net of overdraft). Bank borrowings are considered to be financing activities.

Capital assets and depreciation

Purchases of minor equipment are charged to cost of services in the year they are purchased. Major equipment purchases are recorded at their full cost under capital assets.

Rates and bases of depreciation applied to write-off the cost of capital assets over their estimated lives are as follows:

Buildings	4%, declining balance
Furniture and equipment	20%, declining balance
Medical equipment	20%, declining balance
Computer equipment	30%, declining balance
Leasehold improvements	10%, straight-line

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Severance pay

A liability for severance pay is recorded in the accounts for all employees who have a vested right to receive such payments. No provision for the ultimate severance pay liability is made in the accounts for any employee who has less than nine years of continuous service.

Government capital assistance

Government grants relating to the acquisition of capital assets are recorded as deferred credits and amortized on the same basis as the related asset is depreciated. During the year a grant of \$119,039 (2004 - \$91,337) was received from the Department of Health and Community Services.

Medical supplies

Medical supplies are charged to cost of services when purchased.

Grant Thornton 

**St. John's Regional Health and Community
Services Board**
Notes to the Consolidated Financial Statements
March 31, 2005

3.	Capital assets		2005	2004
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land	\$ 20,000		\$ 20,000	\$ 20,000
Buildings	1,510,092	\$ 325,477	1,184,615	1,233,974
Furniture and equipment	796,711	579,348	217,363	247,031
Medical equipment	278,617	199,348	79,269	77,392
Computer equipment	947,682	689,018	258,664	250,766
Leasehold improvements	26,875	5,823	21,052	23,740
	<u>\$ 3,579,977</u>	<u>\$ 1,799,014</u>	<u>\$ 1,780,963</u>	<u>\$ 1,852,903</u>

4.	Bank indebtedness	2005	2004
Operating line of credit			\$ (3,275,000)
Cash and cash equivalents		<u>\$ (6,306,763)</u>	<u>(610,288)</u>
		<u>\$ (6,306,763)</u>	<u>\$ 3,885,288</u>

The organization had an operating line of credit of \$8,500,000 supported by an authorization to borrow from the Province. This authority to borrow and related line of credit expired on March 31, 2005 and was transferred to the Eastern Regional Integrated Health Authority on April 1, 2005 as disclosed in Note 13.

5. Advance for Breast Screening Project

The Breast Screening Project is a project of the Department of Health and Community Services and does not fall within the responsibility or accountability of Health and Community Services - St. John's Region. The funding for this project is channelled through Health and Community Services - St. John's Region who pay the project expenses on behalf of the Department of Health and Community Services, and any unexpended funds are repayable to the Department of Health and Community Services.

6.	Long term debt	2005	2004
5.35% Toronto Dominion Bank term loan, amortized to December 2018, repayable in equal monthly instalments of principal and interest of \$4,030.		\$ 472,011	\$ 494,465
6.41% Toronto Dominion Bank term loan, amortized to March 2012, repayable in equal monthly instalments of principal and interest of \$5,591.		378,536	420,228

Grant Thornton

St. John's Regional Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2005

6. Long term debt (cont'd.)	<u>2005</u>	<u>2004</u>
6.45% Newfoundland and Labrador Housing Corporation mortgage, amortized to July 1, 2020, repayable in equal monthly instalments of principal and interest of \$1,293, secured by the property to which it relates.	<u>151,600</u>	<u>157,262</u>
	<u>1,002,147</u>	<u>1,071,955</u>
Less: current portion	<u>74,126</u>	<u>69,808</u>
	<u>\$ 928,021</u>	<u>\$ 1,002,147</u>

Principal repayments in each of the next five years are due as follows:

2006 - \$74,126; 2007 - \$78,713; 2008 - \$83,542; 2009 - \$88,757; 2010 - \$94,253

Revenue other - includes a mortgage subsidy from Newfoundland and Labrador Housing Corporation (NLHC) in the amount of \$7,009 related to the above NLHC mortgage.

7. Deferred government capital assistance

Deferred contributions related to capital assets represent contributed capital assets and restricted contributions for the acquisition of capital assets. The changes in the deferred contributions balance for the year are as follows:

	<u>2005</u>	<u>2004</u>
Balance, beginning of year	\$ 313,909	\$ 331,891
Add: Capital contributions from Provincial Plan	<u>119,039</u>	<u>91,337</u>
Less: Amount amortized to revenue	<u>(113,115)</u>	<u>(109,319)</u>
Balance, end of year	<u>\$ 319,833</u>	<u>\$ 313,909</u>

8. Net assets invested in capital assets	<u>2005</u>	<u>2004</u>
Capital assets	\$ 1,780,963	\$ 1,852,903
Amounts financed by:		
Long term debt	<u>(1,002,147)</u>	<u>(1,071,955)</u>
Deferred government capital assistance	<u>(319,833)</u>	<u>(313,909)</u>
	<u>\$ 458,983</u>	<u>\$ 467,039</u>

Grant Thornton

St. John's Regional Health and Community Services Board

Notes to the Consolidated Financial Statements

March 31, 2005

9. Supplemental cash flow information	<u>2005</u>	<u>2004</u>
Change in non-cash operating working capital		
Receivables	\$ 114,558	\$ 2,401,906
Prepays	(210,752)	101,982
Payables and accruals	1,145,502	(1,136,887)
Advance for Breast Screening Project	129,424	223,027
Vacation pay payable	230,603	240,664
Deferred revenue	<u>304,343</u>	<u>309,078</u>
	<u>\$ 1,713,678</u>	<u>\$ 2,139,770</u>
Interest paid	<u>\$ 61,160</u>	<u>\$ 44,781</u>

10. Commitments

The organization is committed to minimum annual rentals under lease agreements for office space and equipment as follows:

2006	\$ 1,323,535
2007	1,287,040
2008	1,103,635
2009	892,598
2010	889,088

11. Contingencies

The Board has received notices of claims or intent to claim from several third parties. A provision for claims has been recorded where an amount is determinable. For other claims, no provision has been made either because the Board is not expected to incur any significant liability, or because an estimate of loss, if any, is not determinable at this time.

12. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

13. Subsequent event

Effective April 1, 2005, the Board's operations including all assets and liabilities are assumed under the authority of the Eastern Regional Integrated Health Authority.

Grant Thornton 

**STUDENT LOAN CORPORATION OF
NEWFOUNDLAND AND LABRADOR**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Board of Directors
Student Loan Corporation of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

I have audited the balance sheet of the Student Loan Corporation of Newfoundland and Labrador as at 31 March 2005 and the statements of revenues, expenses and deficit, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "John L. Noseworthy".

JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
15 June 2005

**STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
BALANCE SHEET**

31 March

2005

2004

ASSETS

Cash	\$ 4,063,817	\$ 4,999,332
Accounts receivable	-	3,015,004
Student loans receivable (Note 2)	185,229,195	176,902,984
	189,293,012	184,917,320
Capital assets (Note 3)	43,880	-
	\$ 189,336,892	\$ 184,917,320

LIABILITIES AND DEFICIT

Accounts payable and accrued liabilities	\$ 245,452	\$ 60,367
Notes payable (Note 4)	213,000,000	213,000,000
	213,245,452	213,060,367
Deficit	(23,908,560)	(28,143,047)
	\$ 189,336,892	\$ 184,917,320

See accompanying notes

Signed on behalf of the Board:


Chairperson


Director

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF REVENUES, EXPENSES AND DEFICIT

For the year ended 31 March 2005 (with comparatives for the
period 30 March 2004 to 31 March 2004)

	2005	2004
REVENUES		
Provincial grant revenue	\$ 16,624,719	\$ 2,190,106
Federal grant revenue	2,906,896	-
Student loan interest	9,525,669	751,354
Interest revenue	175,004	-
Other revenue	794	-
	29,233,082	2,941,460
EXPENSES		
Administrative fees	1,471,188	-
Amortization	851	-
Bad debt expense	8,368,655	28,798,516
Bank charges	12,299	35
Commission expense	-	95,850
Grant expense - Provincial	4,277,914	2,190,106
Grant expense - Federal	2,906,896	-
Interest expense	5,032,092	-
Interest relief expense	1,861,293	-
Miscellaneous expenses	488	-
Operating expenses	143,015	-
Salaries	390,067	-
Transition fees	533,837	-
	24,998,595	31,084,507
Excess of revenues over expenses (expenses over revenues)	4,234,487	(28,143,047)
Deficit, beginning of period	(28,143,047)	-
Deficit, end of period	\$ (23,908,560)	\$ (28,143,047)

See accompanying notes

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
STATEMENT OF CASH FLOWS

For the year ended 31 March 2005 (with comparatives for the
period 30 March 2004 to 31 March 2004)

	2005	2004
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues)	\$ 4,234,487	\$ (28,143,047)
Add non-cash items		
Amortization	851	-
Bad debt expense	8,368,655	28,798,516
	12,603,993	655,469
Changes in non-cash operating items		
Accounts receivable	3,015,004	(3,015,004)
Accounts payable and accrued liabilities	185,085	60,367
Student loans receivable (Note 2)	(16,694,866)	(205,701,500)
	(890,784)	(208,000,668)
Cash flows from investing activities		
Acquisition of capital assets	(44,731)	-
Cash flows from financing activities		
Proceeds from notes payable	-	213,000,000
Increase (decrease) in cash	(935,515)	4,999,332
Cash, beginning of period	4,999,332	-
Cash, end of period	\$ 4,063,817	\$ 4,999,332

See accompanying notes

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2005

Authority

The Student Loan Corporation of Newfoundland and Labrador was established on 30 March 2004 under the authority of the *Student Financial Assistance Act*. The objective of the Corporation is to act as the lender for all Provincial student loans. The affairs of the Corporation are managed by a Board of Directors comprised of senior government officials.

1. Significant accounting policies

These financial statements have been prepared by the Board's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed:

Capital assets

All capital assets are recorded at cost at the time of acquisition. Amortization is calculated using the straight-line method based on the expected future life of all assets as follows:

Computer software	7 years
Computer hardware	4 years

2. Student loans receivable

The student loan portfolio consists of Provincial loans issued on or after 1 August 2000 and Provincial loans issued prior to 1 August where the student was still in school and did not receive additional loans.

As at 31 March 2005 approximately 20,100 loans totalling \$116,195,273 (2004 - 17,500 loans totalling \$113,061,539) were being repaid at an average interest rate of prime plus 2.5% (Class B loans) while 13,300 loans totalling \$83,061,338 (2004 - 13,500 loans totalling \$91,888,607) were not being repaid as the student was either still in attendance at an approved education institution or was within 6 months after the end of the study period (Class A loans).

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2005

2. Student loans receivable (cont.)

Student loans receivable consist of the following:

	<u>2005</u>	<u>2004</u>
Loans receivable		
Class B principal	\$ 116,195,273	\$ 113,061,539
Class A principal	83,061,338	91,888,607
Loans defaulted	20,488,903	-
Interest receivable	2,650,852	751,354
	<u>222,396,366</u>	<u>205,701,500</u>
Less: allowance for doubtful accounts	(37,167,171)	(28,798,516)
	<u>\$ 185,229,195</u>	<u>\$ 176,902,984</u>

The allowance for doubtful accounts represents the Corporation's best estimate of future probable losses with respect to loans receivable. The estimation of an appropriate allowance involves significant judgment. These financial statements represent management's best estimates based on available information.

The net increase in student loans receivable during the year consists of the following:

	<u>2005</u>	<u>2004</u>
Student loans purchased	\$ -	\$ 207,140,252
Student loan interest	9,525,669	751,354
Interest relief	(1,861,293)	-
Student loan grants	(7,184,810)	(2,190,106)
Student loans disbursed	30,258,439	-
Student loan payments	(14,043,139)	-
	<u>\$ 16,694,866</u>	<u>\$ 205,701,500</u>

3. Capital assets

	<u>2005</u>		<u>2004</u>	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer software	\$ 42,551	\$ 669	\$ 41,882	\$ -
Computer hardware	2,180	182	1,998	-
	<u>\$ 44,731</u>	<u>\$ 851</u>	<u>\$ 43,880</u>	<u>\$ -</u>

STUDENT LOAN CORPORATION OF NEWFOUNDLAND AND LABRADOR
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2005

4. Notes payable

	<u>2005</u>	<u>2004</u>
Issue of floating rate notes dated 31 March 2004 maturing 30 September 2005 and bearing interest at the 3-month Canadian Bankers' Acceptance rate plus 3 basis points, payable quarterly.	\$ 213,000,000	\$ 213,000,000

5. Related party transactions

The Province unconditionally guarantees the principal and interest outstanding on the notes payable of \$213,000,000.

6. Economic dependence

As a result of its reliance on the Government of Newfoundland and Labrador to address the future funding requirements of the student loans program, the Corporation's ability to continue is dependent upon the decisions of Government.

7. Financial instruments

The Corporation's short-term financial instruments recognized on the balance sheet consist of cash, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and short-term maturity associated with them.

The Corporation's long-term financial instruments recognized on the balance sheet consist of student loans receivable and notes payable. The student loans receivable are reported at cost with provision being made for any decline in their value. Therefore, no further credit risk exists relating to these loans. The Corporation's notes payable is at a floating rate determined by the 3-month Canadian Bankers' Acceptance rate plus 3 basis points, maturing in September 2005. This may subject the Corporation to interest rate risk caused by changes in the interest rate. The carrying values of these long-term financial instruments approximate their current fair value.

8. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

9. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

**THE ROOMS CORPORATION OF
NEWFOUNDLAND AND LABRADOR INC.**

FINANCIAL STATEMENTS

31 MARCH 2004



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

AUDITOR'S REPORT

To the Chairperson and Members
The Rooms Corporation of
Newfoundland and Labrador Inc.
St. John's, Newfoundland and Labrador

I have audited the balance sheet of The Rooms Corporation of Newfoundland and Labrador Inc. as at 31 March 2004 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.


JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
17 September 2004

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
BALANCE SHEET
31 March

2004

ASSETS

Current

Cash	\$ 1,290,170
Accounts receivable (Note 2)	180,452
<u>Inventory</u>	<u>680</u>

1,471,302

Restricted cash (Note 3)	25,000
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<u>Capital assets (Note 4)</u>	<u>117,504</u>
---------------------------------------	-----------------------

\$ 1,613,806

LIABILITIES AND SHAREHOLDER'S EQUITY

Current

Accounts payable and accrued liabilities (Note 6)	\$ 303,373
<u>Deferred revenue (Note 7)</u>	<u>762,246</u>

1,065,619

Shareholder's equity

Share capital (Note 8)

Authorized and issued 500 common shares of no par value	1
--	---

<u>Surplus</u>	<u>548,186</u>
-----------------------	-----------------------

548,187

\$ 1,613,806

See accompanying notes

Signed on behalf of the Board of Directors:


Chairperson

Member

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March

2004

REVENUES

Province of Newfoundland and Labrador	\$ 4,127,057
Fees	157,793
External funding	156,443
Government of Canada	133,609
Donations	44,690
	<u>4,619,592</u>

EXPENSES (See Schedule)

Advertising	70,806
Amortization expense	19,787
Appraisals and acquisitions	68,080
Building expenses	128,328
Building readiness and moving	49,335
Conference and registration fees	7,127
Education and outreach	3,009
Exhibits	189,884
Meetings and openings	26,214
Office equipment	12,965
Office supplies	47,259
Professional services	106,975
Salaries and benefits	3,174,025
Telecommunications and courier	54,702
Travel	112,910
	<u>4,071,406</u>

Excess of revenues over expenses **548,186**

Surplus, beginning of year **-**

Surplus, end of year **\$ 548,186**

See accompanying notes

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

2004

Cash flows from operating activities

Excess of revenues over expenses	\$ 548,186
Add non-cash items:	
Amortization expense	19,787
	567,973
<u>Net change in non-cash working capital items</u>	<u>884,487</u>
	1,452,460

Cash flows from investing activities

Purchase of capital assets	(137,291)
Restricted cash	(25,000)
	(162,291)

Cash flows from financing activities

Proceeds from issuance of share capital	1
	1

Increase in cash	1,290,170
<u>Cash, beginning of year</u>	<u>-</u>
<u>Cash, end of year</u>	<u>\$ 1,290,170</u>

See accompanying notes

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
NOTES TO FINANCIAL STATEMENTS
31 March 2004

Authority

The Rooms Corporation of Newfoundland and Labrador Inc. (the Corporation) was incorporated under the *Corporations Act* on 18 November 2002. All shares of the Corporation are held by the Minister of Tourism, Culture and Recreation on behalf of the Province. The purpose of the Corporation was to take control of the Provincial Archives, the Provincial Museum and the Art Gallery of Newfoundland and Labrador and all their ancillary organizations, activities and assets and to arrange for their transfer to the Fort Townsend locations in St. John's, Newfoundland and Labrador. The Corporation shall have responsibility for all aspects of the management and operation of these organizations and is accountable to the Minister of Tourism, Culture and Recreation. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets to which the Corporation has title are recorded at cost at the time of acquisition. Amortization is calculated on a straight line basis as follows:

Computer equipment and software – 3 years
Furniture and equipment – 7 years

(b) Deferred revenue

The Corporation follows the deferred method with respect to externally restricted revenue.

2. Accounts receivable

	<u>2004</u>
Province of Newfoundland and Labrador	\$ 58,092
Harmonized sales tax	44,074
Newfoundland and Labrador Heritage Corporation	39,377
Association of Newfoundland and Labrador Archives	24,586
Vancouver Museum Commission	8,508
Government of Canada	5,358
Other	457
	<u>\$ 180,452</u>

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
NOTES TO FINANCIAL STATEMENTS
31 March 2004

3. Restricted cash

During the year, the Corporation received \$25,000 from a private donor to be deposited into an endowment fund for the future use of the Corporation. These funds have been deposited in the general bank account waiting for the endowment fund to be set up.

4. Capital assets

	2004	
	Cost	Accumulated Amortization
Computer equipment and software	\$ 104,782	\$ 17,464
Furniture and equipment	32,508	2,322
Capital assets transferred to the Corporation (Note 5)	1	1
	\$ 137,291	\$ 19,787

Net
Book Value

\$ 87,318

30,186

-

\$ 117,504

5. Capital assets transferred to the Corporation

During the year, the Corporation assumed title to the capital assets of the Provincial Archives, the Provincial Museum and the Art Gallery of Newfoundland and Labrador. The costs and accumulated amortization of these assets are unknown and a reasonable estimate of the amounts involved could not be determined. Therefore, the cost has been recorded as \$1 and the accumulated amortization has been recorded at \$1.

6. Accounts payable and accrued liabilities

	2004
Accounts payable	\$ 205,118
Accrued liabilities	80,377
Due to Newfoundland and Labrador Heritage Corporation	17,878
	\$ 303,373

7. Deferred revenue

	2004
Province of Newfoundland and Labrador	\$ 488,898
Government of Canada	217,625
Other	55,723
	\$ 762,246

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
NOTES TO FINANCIAL STATEMENTS
31 March 2004

8. Share capital

Share capital consists of:

Authorized
500 common shares of no par value

Issued and Outstanding
500 common shares

The Minister of Tourism, Culture and Recreation holds 500 shares on behalf of the Province of Newfoundland and Labrador.

9. Related party transactions

The Corporation is administered by employees of the Department of Tourism, Culture and Recreation. Salaries and other costs of operations are paid directly by the Department and are reimbursed by the Corporation.

10. Commitments

The Corporation has entered into contracts representing commitments of \$120,424 for work which was not performed as of 31 March 2004.

11. Comparatives

This is the first year of operations for the Corporation. Therefore, there are no comparative figures in these financial statements.

12. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities, the carrying values of which approximate fair value due to the short-term maturity or current value associated with these instruments.

13. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to ultimately finance its costs of operations, the Corporation's ability to continue is dependent upon the decisions of Government.

14. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
SCHEDULE OF EXPENSES
For the Year Ended 31 March 2004

	Museum	Archives	Art Gallery	Marketing & Communications	Building Operations and Finance	Total
Advertising	\$9,225	\$ -	\$ -	\$61,581	\$ -	\$70,806
Amortization expense	-	-	-	-	19,787	19,787
Appraisals and acquisitions	7,992	5,354	22,351	32,383	-	68,080
Building expenses	35,262	-	-	-	93,066	128,328
Building readiness and moving	-	-	-	-	49,335	49,335
Conference and registration fees	4,485	2,207	435	-	-	7,127
Education and outreach	3,009	-	-	-	-	3,009
Exhibits	109,984	5,104	74,796	-	-	189,884
Meetings and openings	2,891	228	1,515	6,214	15,366	26,214
Office equipment	9,537	3,154	274	-	-	12,965
Office supplies	27,143	9,861	5,958	1,014	3,283	47,259
Professional services	58,159	32,263	10,555	-	5,998	106,975
Salaries and benefits	1,394,598	890,804	699,856	99,351	89,416	3,174,025
Telecommunications and courier	5,374	1,367	10,410	912	36,639	54,702
Travel	70,420	8,377	9,225	2,175	22,713	112,910
Totals	\$1,738,079	\$958,719	\$835,375	\$203,630	\$335,603	\$4,071,406

**THE ROOMS CORPORATION OF
NEWFOUNDLAND AND LABRADOR INC.**

FINANCIAL STATEMENTS

31 MARCH 2005



OFFICE OF THE AUDITOR GENERAL
St. John's, Newfoundland and Labrador

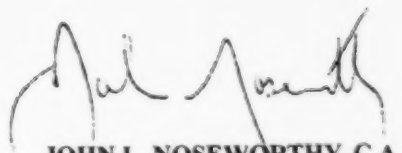
AUDITOR'S REPORT

To the Chairperson and Members
The Rooms Corporation of
Newfoundland and Labrador Inc.
St. John's, Newfoundland and Labrador

I have audited the balance sheet of The Rooms Corporation of Newfoundland and Labrador Inc. as at 31 March 2005 and the statements of revenues, expenses and surplus, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 March 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



JOHN L. NOSEWORTHY, C.A.
Auditor General

St. John's, Newfoundland and Labrador
8 June 2005

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
BALANCE SHEET
31 March **2005** **2004**

ASSETS

Current

Cash (Note 2)	\$ 1,033,067	\$ 1,290,170
Accounts receivable (Note 3)	186,993	180,452
Inventory	20,196	680
Prepaid expenses	5,491	-
	<u>1,245,747</u>	<u>1,471,302</u>
Restricted cash (Note 2)	51,000	25,000
Capital assets (Note 4)	81,685	117,504
	<u>\$ 1,378,432</u>	<u>\$ 1,613,806</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Current

Accounts payable and accrued liabilities (Note 6)	\$ 207,189	\$ 303,373
Deferred revenue (Note 7)	544,027	762,246
	<u>751,216</u>	<u>1,065,619</u>

Shareholder's equity

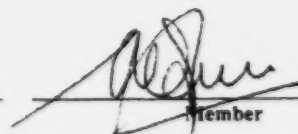
Share capital (Note 8)

Authorized and issued 500 common shares of no par value	1	1
Surplus	627,215	548,186
	<u>627,216</u>	<u>548,187</u>
	<u>\$ 1,378,432</u>	<u>\$ 1,613,806</u>

See accompanying notes

Signed on behalf of the Board of Directors:


Chairperson


Member
Office of the Auditor General

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
STATEMENT OF REVENUES, EXPENSES AND SURPLUS
For the Year Ended 31 March

2005

2004

REVENUES

Province of Newfoundland and Labrador	\$ 3,128,024	\$ 4,127,057
Government of Canada	117,426	133,609
External funding	66,660	156,443
Fees	54,410	157,793
Donations	33,119	44,690
	3,399,639	4,619,592

EXPENSES (See Schedule)

Advertising	49,542	70,806
Amortization expense	40,030	19,787
Appraisals and acquisitions	16,138	68,080
Building expenses	520,685	128,328
Building readiness and moving	48,858	49,335
Conference and registration fees	4,776	7,127
Education and outreach	2,160	3,009
Exhibits	105,344	189,884
Meetings and openings	12,883	26,214
Office equipment	12,094	12,965
Office supplies	25,826	47,259
Professional services	64,420	106,975
Salaries and benefits	2,281,642	3,174,025
Telecommunications and courier	49,249	54,702
Travel	86,963	112,910
	3,320,610	4,071,406

Excess of revenues over expenses	79,029	548,186
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Surplus, beginning of year	548,186	-
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Surplus, end of year	\$ 627,215	\$ 548,186
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See accompanying notes

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
STATEMENT OF CASH FLOWS
For the Year Ended 31 March

	2005	2004
Cash flows from operating activities		
Excess of revenues over expenses	\$ 79,029	\$ 548,186
Add non-cash items:		
Amortization expense	40,030	19,787
	119,059	567,973
Net change in non-cash working capital items	(345,951)	884,487
	(226,892)	1,452,460
Cash flows from investing activities		
Purchase of capital assets	(4,211)	(137,291)
Restricted cash	(26,000)	(25,000)
	(30,211)	(162,291)
Cash flows from financing activities		
Proceeds from issuance of share capital	-	1
	-	1
Increase (decrease) in cash	(257,103)	1,290,170
Cash, beginning of year	1,290,170	-
Cash, end of year	\$ 1,033,067	\$ 1,290,170

See accompanying notes

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
NOTES TO FINANCIAL STATEMENTS
31 March 2005

Authority

The Rooms Corporation of Newfoundland and Labrador Inc. (the Corporation) was incorporated under the *Corporations Act* on 18 November 2002. All shares of the Corporation are held by the Minister of Tourism, Culture and Recreation on behalf of the Province. The Corporation was established to: take control of the Provincial Archives, the Provincial Museum and the Art Gallery of Newfoundland and Labrador and all their ancillary organizations, activities and assets; arrange for their transfer to the Fort Townsend location in St. John's; and assume responsibility for all aspects of the management and operation of these organizations. The Corporation is accountable to the Minister of Tourism, Culture and Recreation. Its affairs are governed by a Board of Directors appointed by the Lieutenant-Governor in Council.

1. Significant accounting policies

These financial statements have been prepared by the Corporation's management in accordance with Canadian generally accepted accounting principles. Outlined below are the significant accounting policies followed.

(a) Capital assets

Capital assets to which the Corporation has title are recorded at cost at the time of acquisition. Amortization is calculated on a straight line basis as follows:

Computer equipment and software – 3 years
Furniture and equipment – 7 years

(b) Deferred revenue

The Corporation follows the deferred method with respect to externally restricted revenue.

2. Cash

During 2004-05, the Corporation received \$26,000 from a private donor to sponsor an exhibit of a B-17 Bomber. To date, decisions relating to this exhibit are not finalized. The \$26,000 has been deposited into the Corporation's general bank account. During 2003-04, the Corporation received \$25,000 from a private donor to be deposited into an endowment fund for the future use of the Corporation. These funds have been deposited in the general bank account waiting for the endowment fund to be set up.

The Corporation's general bank account is comprised of the following:

	2005	2004
General operating cash	\$ 1,033,067	\$ 1,290,170
Restricted cash	51,000	25,000
	<u>\$ 1,084,067</u>	<u>\$ 1,315,170</u>

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
NOTES TO FINANCIAL STATEMENTS
31 March 2005

3. Accounts receivable

	2005	2004
Province of Newfoundland and Labrador	\$ 114,900	\$ 58,092
Harmonized sales tax	41,063	44,074
Government of Canada	21,911	5,358
Other	9,119	457
Newfoundland and Labrador Heritage Corporation	-	39,377
Association of Newfoundland and Labrador Archives	-	24,586
Vancouver Museum Commission	-	8,508
	\$ 186,993	\$ 180,452

4. Capital assets

	2005		2004	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and software	\$ 106,031	\$ 52,599	\$ 53,432	\$ 87,318
Furniture and equipment	35,470	7,217	28,253	30,186
Capital assets transferred to the Corporation (Note 5)	1	1	-	-
	\$ 141,502	\$ 59,817	\$ 81,685	\$ 117,504

These financial statements do not include the value of "The Rooms" building which contains the Provincial Archives, the Provincial Museum and the Art Gallery of Newfoundland and Labrador. Ownership of the building, which cost \$49.3 million to construct, is held by the Minister of Transportation and Works on behalf of the Province.

5. Capital assets transferred to the Corporation

During 2003-04, the Corporation assumed title to the capital assets of the Provincial Archives, the Provincial Museum and the Art Gallery of Newfoundland and Labrador. The costs and accumulated amortization of these assets are unknown and a reasonable estimate of the amounts involved could not be determined. Therefore, the cost has been recorded as \$1 and the accumulated amortization has been recorded at \$1.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
NOTES TO FINANCIAL STATEMENTS
31 March 2005

6. Accounts payable and accrued liabilities

	2005	2004
Accounts payable	\$ 139,852	\$ 205,118
Accrued liabilities	67,337	80,377
Due to Newfoundland and Labrador Heritage Corporation	-	17,878
	\$ 207,189	\$ 303,373

7. Deferred revenue

	2005	2004
Province of Newfoundland and Labrador	\$ 371,257	\$ 488,898
Government of Canada	130,058	217,625
Other	42,712	55,723
	\$ 544,027	\$ 762,246

8. Share capital

Share capital consists of:

Authorized
500 common shares of no par value

Issued and Outstanding
500 common shares

The Minister of Tourism, Culture and Recreation holds all issued shares on behalf of the Province of Newfoundland and Labrador.

9. Related party transactions

The Corporation is administered by employees of the Department of Tourism, Culture and Recreation. Salaries and other costs of operations are paid directly by the Department and are reimbursed by the Corporation.

10. Commitments

The Corporation has entered into contracts representing commitments of \$67,622 for work which was not performed as of 31 March 2005.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
NOTES TO FINANCIAL STATEMENTS
31 March 2005

11. Financial instruments

The Corporation's financial instruments recognized on the balance sheet consist of cash, accounts receivable, and accounts payable and accrued liabilities. The carrying values of these instruments approximate current fair value due to their nature and the short-term maturity associated with them.

12. Economic dependence

As a result of its reliance on future transfers from the Province of Newfoundland and Labrador to ultimately finance its costs of operations, the Corporation's ability to continue operations is dependent upon the decisions of Government.

13. Income taxes

The Corporation is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

THE ROOMS CORPORATION OF NEWFOUNDLAND AND LABRADOR INC.
SCHEDULE OF EXPENSES
For the Year Ended 31 March 2005

	Museum	Archives	Art Gallery	Marketing and Communications	Building Operations and Finance	Total
Advertising	\$ 18,299	\$ 55	\$ 19,190	\$10,196	\$ 1,802	\$49,542
Amortization expense	-	-	-	-	40,030	40,030
Appraisals and acquisitions	2,868	-	11,095	2,175	-	16,138
Building expenses	35,838	-	-	-	484,847	520,685
Building readiness and moving	-	-	-	-	48,858	48,858
Conference and registration fees	2,251	2,030	495	-	-	4,776
Education and outreach	2,160	-	-	-	-	2,160
Exhibits	36,589	8,481	44,932	440	14,902	105,344
Meetings and openings	4,360	249	2,565	28	5,681	12,883
Office equipment	3,802	6,028	920	-	1,344	12,094
Office supplies	9,566	6,284	7,042	-	2,934	25,826
Professional services	19,334	2,776	34,390	800	7,120	64,420
Salaries and benefits	1,123,543	558,958	422,362	44,836	131,943	2,281,642
Telecommunications and courier	5,324	1,121	10,788	750	31,266	49,249
Travel	29,653	11,165	35,226	84	10,835	86,963
Totals	\$1,293,587	\$597,147	\$589,005	\$59,309	\$781,562	\$3,320,610

VISTA SCHOOL DISTRICT
Financial Statements/Auditor's Report
Year ended August 31, 2004

DERICK A. DRODGE
CHARTERED ACCOUNTANT

AUDITOR'S REPORT

To the members of the VISTA SCHOOL DISTRICT:

I have audited the balance sheet of the current and capital funds of the VISTA SCHOOL DISTRICT as at August 31, 2004, and the related statements of current revenue, expenditures and District equity, cash flow and capital fund position for the fourteen months then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

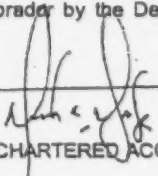
Except as explained in the following paragraphs, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Note 1c indicates that the District is not depreciating, but rather reflecting at cost, property and equipment acquired. The District contends that recording of depreciation would be difficult and costly and the cost would exceed the benefit of the information provided. In this regard, the financial statements are not in accordance with Canadian generally accepted accounting principles for not-for-profit organizations. The amount of depreciation that would be provided if Canadian generally accepted accounting principles were followed is not reasonably determined.

The District is required to report accrued teachers' severance of \$ 5,002,269 without any offsetting revenue or asset even though these amounts are funded directly by the Department of Education. Failure to record these offsetting revenues violate the matching principle of Canadian generally accepted accounting principles. Had the revenues been recorded, receivables and board equity would have increased by \$ 5,002,269 and current revenues would have increased and excess of expenditures over revenue would have decreased by \$ 173,018.

In my opinion, except for the effects noted in the two previous paragraphs, these financial statements present fairly, in all material respects, the financial position of the District as at August 31, 2004 and the results of its operations and the changes in its fund position for the fourteen months then ended in accordance with Canadian generally accepted accounting principles and are in compliance with reporting requirements established for School Districts in the Province of Newfoundland and Labrador by the Department of Education.

Clareville, Newfoundland
November 25, 2004


CHARTERED ACCOUNTANT

DERRICK A. DUDGEON
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT

Balance Sheet

August 31, 2004

	2004	June 30 2003
Assets		
Current assets:		
Cash (Supp. info. 1)	\$ 86,801	125
Short-term investments (Supp. info. 2)	-	-
Accounts receivable (Note 2)	517,696	524,308
Prepaid expenses (Supp. info. 3)	41,498	24,079
Total current assets	645,995	548,512
Property and equipment (Schedule 8)	47,330,336	47,105,075
	<u>\$ 47,976,331</u>	<u>47,653,587</u>
Liabilities and District Equity		
Current liabilities:		
Bank indebtedness (Note 3)	\$ 1,050	385,787
Accounts payable and accrued (Note 4)	5,818,882	6,374,262
Current maturities (Schedule 9B)	168,744	110,006
Total current liabilities	5,988,656	6,870,055
Long-term debt (Schedule 9)	599,036	604,509
District Equity:		
Investment in capital assets (Note 6)	46,723,117	46,369,274
District equity (deficit)	(5,324,478)	(8,190,251)
Total district equity	41,398,639	38,179,023
	<u>\$ 47,976,331</u>	<u>\$ 47,653,587</u>

See Accompanying Notes

Approved: K. Rayner Chairperson
Rick Martin Secretary

DERRICK E. DRIDGE
 CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Statement of Current Revenues, Expenditures and District Equity
Fourteen Months ended August 31, 2004

	<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
Current revenues (Schedule 1):		
Provincial government grants	\$ 34,841,036	29,284,326
Donations	-	-
Ancillary services	-	-
Miscellaneous	<u>73,622</u>	<u>57,793</u>
	<u>34,914,658</u>	<u>29,342,119</u>
Current expenditures:		
Administration (Schedule 2)	1,263,576	1,021,007
Instruction (Schedule 3)	25,778,404	24,199,639
Operations and maintenance (Schedule 4)	2,834,225	2,517,041
Pupil transportation (Schedule 5)	1,753,886	1,793,772
Ancillary services (Schedule 6)	-	-
Interest expense (Schedule 9C)	50,893	46,181
Miscellaneous expense (Schedule 7)	-	-
Provision for doubtful receivables	<u>65,259</u>	<u>-</u>
	<u>31,746,243</u>	<u>29,577,640</u>
23 111 Excess of revenue over expenditures (expenditures over revenue)	3,168,415	(235,521)
Transfer to capital	<u>302,642</u>	<u>272,154</u>
Net increase (decrease) in Board equity	<u>2,865,773</u>	<u>(507,875)</u>
District equity (deficit):		
Beginning of period:		
As previously reported	(8,190,251)	(4,918,554)
Prior period adjustments (Note 8d)	<u>-</u>	<u>(2,764,022)</u>
As restated	<u>(8,190,251)</u>	<u>(7,682,576)</u>
End of period	<u>\$ (5,324,478)</u>	<u>(8,190,251)</u>

See Accompanying Notes

SERVACE & BRIDGES
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Statement of Changes in Cash Flows
Fourteen Months ended August 31, 2004

	2004	2003 (Note 8)
60 Operating activities:		
011 Excess of revenues over expenditures (expenditures over revenue)	\$ 3,168,415	(235,521)
012 Changes in non-cash working capital	-	-
013 - Short-term investments	-	-
014 - Accounts receivable	6,812	(14,417)
015 - Prepaid expenses	(17,419)	7,774
016 - Accounts payable and accrued expenses	(2,555,400)	518,487
017 - Current maturities	-	-
018 - Other	-	-
	<u>602,208</u>	<u>276,323</u>
61 Financing activities:		
011 Proceeds from bank loans	211,500	30,000
012 Grants - capital	48,135	78,625
013 Other capital revenues	-	51,091
014 Changes in long-term debt	(130,895)	(73,933)
015 Other	-	-
	<u>128,740</u>	<u>- 85,783</u>
62 Investing activities:		
011 Proceeds from sale of property and equipment	-	21,350
012 Additions to property and equipment	(259,535)	(379,287)
013 Other	-	-
	<u>(259,535)</u>	<u>(357,937)</u>
63 Increase in cash	471,413	4,109
64 Cash, beginning of period	(385,662)	(389,831)
65 Cash, end of period	<u>\$ 85,751</u>	<u>(385,662)</u>

See Accompanying Notes

SERAFIC A. BRONKHORST
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Statement of Changes in Capital Fund
Fourteen Months ended August 31, 2004

	<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
70 Capital receipts:		
71 Proceeds from bank loans:		
011 - School construction	\$ --	--
012 - Equipment	--	--
013 - Service vehicles	--	30,000
014 - Pupil transportation	--	--
015 - Other	--	--
	<u> </u>	<u>30,000</u>
72 EIC grants:		
011 - School construction and equipment	48,135	78,625
012 - Other	--	51,091
	<u>48,135</u>	<u>129,716</u>
73 Donations:		
011 - Cash receipts	--	--
012 - Non-cash receipts	--	--
013 - Restricted use	--	--
	<u> </u>	<u> </u>
74 Sale of capital assets - proceeds:		
011 - Land	--	--
012 - Buildings	--	20,000
013 - Equipment	--	--
014 - Service vehicles	--	1,350
015 - Pupil transportation vehicles	--	--
016 - Other	--	--
	<u> </u>	<u>21,350</u>
75 Other capital revenues		
011 - Interest on capital fund investments	--	--
012 - Premiums on debentures	--	--
013 - Recoveries of expenditures	--	--
015 - Insurance proceeds	--	--
016 - Native peoples grants	--	--
017 - Miscellaneous	--	--
018 - Other - loan proceeds receivable	--	--
	<u> </u>	<u> </u>
Total capital receipts:	<u> </u>	<u>181,066</u>
77 Transfer from reserve account	--	--
78 Transfer from current fund	<u>302,641</u>	<u>272,154</u>
Total	<u>\$ 350,776</u>	<u>453,220</u>

See Accompanying Notes

Continued/...

DERRICK & DRODGE
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Statement of Changes in Capital Fund (continued)
Fourteen Months ended August 31, 2004

	<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
80 <u>Capital disbursements</u>		
81 Additions to property and equipment:		
011 - Land and sites	\$ -	-
012 - Buildings	219,639	124,129
013 - Furniture and equipment - schools	34,125	80,991
014 - Furniture and equipment - other	5,771	9,208
015 - Service vehicles	-	31,222
016 - Pupil transportation	-	-
017 - Other	<u> </u>	<u>133,737</u>
	<u>259,535</u>	<u>379,287</u>
82 Principal repayment of long-term debt:		
011 - School construction	79,574	63,100
012 - Equipment	-	-
013 - Service vehicles	11,667	10,833
014 - Other	<u> </u>	<u> </u>
	<u>91,241</u>	<u>73,933</u>
83 Miscellaneous disbursements:		
013 - Other	<u> </u>	<u> </u>
Total capital disbursements	<u>\$ 350,776</u>	<u>453,220</u>

See Accompanying Notes

BERRICK & BRODIE
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Notes to the Financial Statements
Fourteen Months ended August 31, 2004

1. Significant accounting policies:

The accompanying financial statements have been prepared on a fund accounting basis which is generally accepted for School Districts. Fund accounting can be defined as "Accounting procedures in which self balancing group of accounts is provided for each fund". It is customary for School Districts to account separately for the current and capital funds.

A summary of significant accounting policies adopted by the Board, relating to their use of fund accounting, is as follows:

- (a) Grants received by the District are recorded in either the current or capital funds depending on their source. Grants from the Department of Education are treated as current revenues while those from the EIC (Education Investment Corporation) are recorded as capital revenues. Also amounts paid to construction companies from the EIC on behalf of the District for capital projects are treated as capital revenues.
- (b) Fixed asset additions are recorded at full cost in the capital fund.
- (c) The District does not calculate or record depreciation of any of its fixed assets.
- (d) Principal repayment of pupil transportation loans are recorded as current expenditures. All other principal repayment of bank loans are recorded as capital expenditures.

The District has received directives from the Department instructing it to record accrued teachers' severance leave in the financial statements. As this amount is included without any offsetting revenue amount, it violates the matching principle, a fundamental principle of Canadian generally accepted accounting principles.

DEREK A. BRODIE
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Notes to the Financial Statements
Fourteen Months ended August 31, 2004

		<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
2.	<u>Accounts receivable:</u>		
	<u>Current</u>		
11	131 Provincial government grants	\$ 302,654	368,936
	132 Transportation	15,967	26,884
	133 Federal government - harmonized sales tax	102,519	90,348
	- other	-	14,703
	136 Other school districts	-	-
	137 Rent	-	-
	138 Interest	-	-
	139 Travel advances and miscellaneous	96,556	12,810
	Municipal grant - winter games complex	-	-
		<u>\$17,696</u>	<u>513,681</u>
	<u>Capital</u>		
11	231 EIC - construction grants	-	10,627
	233 Local contributions	-	-
	234 Other school districts	-	-
	235 Other - supplier credit	-	-
	- bank loan proceeds	-	-
	- allowance for doubtful accounts	-	-
		<u>-</u>	<u>10,627</u>
		<u>\$ 517,696</u>	<u>524,308</u>
		<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
3.	<u>Bank indebtedness:</u>		
21	131 On operating credit	\$ -	-
	132 On capital account	-	-
	On current account		
	- general	-	385,787
	- teachers' payroll	1,050	-
	- temporary bank loan	-	-
		<u>\$ 1,050</u>	<u>385,787</u>

DERRICK A. DRISCOLL
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Notes to the Financial Statements
Fourteen Months ended August 31, 2004

		<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
4.	<u>Accounts payable and accrued:</u>		
	<u>Current</u>		
21	111 Trade payable	\$ 88,092	51,772
	112 Accrued - liabilities	19,240	16,152
	113 - interest	--	--
	114 - Wages:		
	- support staff	108,009	51,918
	- teachers	--	2,845,381
	- Severance pay:		
	- support staff (Note 8 a)	447,223	430,317
	- teachers (Note 1)	5,002,269	4,829,251
	- Vacation pay: (Note 8 a)	97,920	129,308
	115 Payroll deductions	--	--
	116 Retail sales tax	--	--
	117 Deferred grants	56,109	20,165
	118 Other	--	--
		<u>5,818,862</u>	<u>8,374,262</u>
	<u>Capital</u>		
21	211 Trade payable	--	--
	212 Accrued - liabilities	--	--
	213 - interest	--	--
	217 Deferred grants	--	--
	218 Other	--	--
		<u>--</u>	<u>--</u>
		<u>\$ 5,818,862</u>	<u>8,374,262</u>

5. Reserve account:

Current

There were no current reserves provided for in the periods ended June 30, 2003 or August 31, 2004.

Capital

There were no capital reserves provided for in the periods ended June 30, 2003 or August 31, 2004.

DERRICK E. DROGOS
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Notes to the Financial Statements
Fourteen Months ended August 31, 2004

	<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
6. Investment in capital assets:		
Beginning of year (Note 8 c):		
As previously sated	\$ 45,369,274	46,362,965
Prior period adjustment (Note 8 d)	<u>—</u>	<u>1,004,023</u>
As restated	46,369,274	47,366,988
Add:		
Transfer of operating funds to capital fund	302,642	272,154
Grants - EIC - contribution for capital construction and equipment	48,135	78,625
Grants - other	—	51,091
Capital projects funded by EIC but paid directly to other sources on behalf of District	—	—
Donations	—	—
Proceeds from sale of property and equipment:		
- land	—	—
- buildings	—	20,000
- equipment	—	—
- vehicles	—	1,350
- other - busses	—	—
Interest on capital fund investments	—	—
Recoveries of expenditures	—	—
Insurance proceeds - capital	—	—
Native peoples grants - capital	—	—
Principal payment of bussing loans	<u>37,340</u>	<u>32,006</u>
	<u>48,757,391</u>	<u>47,822,214</u>
Deduct adjustments:		
Cost of assets sold		
- land	—	—
- buildings	34,274	1,431,991
- equipment	—	—
- vehicles	—	20,949
- other - busses	<u>—</u>	<u>—</u>
	<u>34,274</u>	<u>1,452,940</u>
23 221 Investment in capital assets, end of year	<u>\$ 46,723,117</u>	<u>46,369,274</u>

DERRICK E. DRODGE
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Notes to the Financial Statements
Fourteen Months ended August 31, 2004

7. Commitments:

At balance sheet date the District had the following commitments:

Lease of office and school equipment for the following which are accounted for as operating leases:

- One postage meter/mail processor with annual lease payments of \$ 3,712; matures 2005.
- One telephone system with monthly lease payments of \$ 223; matures 2005.
- One telephone system with monthly lease payments of \$ 93; matures 2005.
- Eight photocopiers with quarterly lease payments of \$ 4,573; matures 2007.
- One photocopier with annual lease payments of \$ 2,172; matures 2005.
- One photocopier with annual lease payments of \$ 2,172; matures 2006.
- Two photocopiers with quarterly lease payments of \$ 3,335; matures 2008.
- One photocopier with quarterly lease payments of \$ 543; matures 2005.
- One photocopier with quarterly lease payments of \$ 549; matures 2007.
- One photocopier with annual lease payments of \$ 2,172; matures 2005.
- One photocopier with annual lease payments of \$ 2,172; matures 2005.
- One photocopier with annual lease payments of \$ 1,533; matures 2005.

DEREK E. DODGE
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Notes to the Financial Statements
Fourteen Months ended August 31, 2004

8. Other:

(a) Accrued severance and vacation pay:

In August 1994, the Department of Education issued an accounting directive requiring all Districts to calculate and disclose in the financial statements the accrual of severance and vacation pay for Board employees.

(i) Accrued severance pay:

During the period an additional amount of \$ 40,794 was accrued as follows:

Administration	\$ 5,507
Secretarial	7,940
Maintenance	1,924
Janitorial	23,896
Pupil transportation	1,263
Computer technicians	264

Severance paid to employees during the year ended August 31, 2004 were as follows:

Maintenance	\$ 827
Janitorial	22,552
Computer technicians	511

The District also has recorded an account receivable from the Department of Education to offset the accrued severance liability recorded for pupil transportation employees. This decision was based on the policy of the Department to give the Board budget adjustments for bussing severance payments. An additional amount of \$ 1,263 has been recorded as an account receivable for the 2004 accrual.

(ii) Accrued vacation pay:

All vacation pay earned during the period is included in the applicable wage expense.

(b) Bond coverage:

At balance sheet date, the Insurance Division of Treasury Board carried fidelity bond coverage covering District employees as follows:

Assistant Director of Finance and Administration and District employees	\$ 100,000
Principals, Vice Principals and staff	100,000

Based on our evaluation of the system of internal control and our overall knowledge of the District's operations, it is our opinion that this coverage is adequate.

Continued/...

DERRICK S. DRODGE
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Notes to the Financial Statements
Fourteen Months ended August 31, 2004

8. Other (continued):

(c) Opening balances:

Opening balances as of January 01, 1997 are comprised of amounts transferred from predecessor Boards.

(d) Prior period adjustments:

During the previous year, prior period adjustments were recorded as follows:

Current:

	<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
(i) To record accrued wages for support staff	\$ -	27,632
(ii) to record teachers' summer pay liability from directive from Department (see below)	<u>-</u>	<u>2,736,390</u>
	<u>\$ -</u>	<u>2,764,022</u>

Comparative figures were restated for the effect of operations on (i) but not for (ii) due to the unavailability of information.

Based upon a directive received from the Department, prior year's financial statements included a teachers' summer pay liability, even though the amount would eventually be fully funded by the Department of Education. As a result of the change in year end, the amount for summer pay has been paid to the teachers and is, therefore, not outstanding at period end.

Capital:

The cost of new construction paid directly to suppliers by EIC.

	<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
(i) Land/parking lot	\$ -	252,156
(ii) Schools	<u>-</u>	<u>751,867</u>
	<u>\$ -</u>	<u>1,004,023</u>

9. Comparative figures:

The comparative figures are for the year ended June 30, 2004.

DERRICK A. DRODGE
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT

Current Revenues

Fourteen Months ended August 31, 2004

		2004	2003 (Note 9)
<u>Current Revenues</u>			
32	010 Provincial Government Grants		
	011 Regular operating grants	\$ 5,191,694	4,389,480
	016 Special grants (details on bottom of Schedule 1)	144,379	140,760
	Salaries and benefits:		
	017 - directors and asst. directors	432,672	356,260
	021 - regular teachers	21,786,531	17,989,205
	022 - substitute teachers	695,424	666,490
	023 - benefits and payroll costs	4,497,290	3,600,545
	- student assistants	311,659	317,855
	030 Pupil transportation:		
	031 - board owned	239,610	234,251
	032 - contracted	1,386,525	1,416,477
	033 - handicapped	127,752	145,503
	- administration	27,500	27,500
		<u>34,841,036</u>	<u>29,284,326</u>
33	010 Donations		
	012 Cash receipts	--	--
	013 Non-cash receipts	--	--
	014 Restricted use	--	--
		<u>--</u>	<u>--</u>
34	010 Ancillary services		
	011 Revenues from rental of residences	--	--
	021 Revenues from rental of schools and facilities (Net)	--	--
	031 Cafeterias	--	--
	032 Other	--	--
		<u>--</u>	<u>--</u>
		<u>\$ --</u>	<u>--</u>

Continued/...

DERECK R. DRODGE
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Current Revenues
Fourteen Months ended August 31, 2004

		2004	2003 (Note 9)
35	010 Miscellaneous		
	011 Interest on investments	\$ 11,580	5,812
	012 Bus charters	-	-
	021 Recoveries of expenditures	1,034	-
	031 Revenues from other school districts	-	-
	051 Insurance proceeds	-	-
	061 Bilingual education revenue	-	-
	071 Operating revenue from Native Peoples Grant	-	-
	081 Miscellaneous Federal Grants	-	29,139
	091 Textbooks	-	-
	092 Sundry	49,804	6,799
	093 Grant - Redas Project	-	1,600
	- MUN	11,204	14,643
		<u>73,622</u>	<u>57,793</u>
	Total current revenues	<u>\$ 34,914,658</u>	<u>29,342,119</u>
	<u>Special Grants</u>		
	French monitor	\$ 14,899	16,197
	French co-ordinator	-	17,691
	French - creating an inclusive	9,368	-
	French materials	6,000	1,663
	School Board election grant	-	-
	Alternate text	-	-
	Textbook credit allocation	10,152	14,488
	School tax equalization	-	-
	Other - Provincial drama festival	-	28,344
	- School development	-	7,000
	- Wage subsidy programs	52,258	2,426
	- Tutoring for tuition	6,600	14,961
	- Textbook rebate	8,076	6,777
	- Community distance learning initiative	-	7,284
	- First step training	-	9,124
	- French intensive core	11,072	5,128
	- Kinderstart	17,860	7,400
	- Business insurance reimbursement	3,158	2,277
	- Leadership at work	3,738	-
	- Work Experience - MUN	1,200	-
		<u>\$ 144,379</u>	<u>140,760</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT
Administration Expenditures
Fourteen Months ended August 31, 2004

	<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
51 Salaries and benefits		
011 - Directors and assistant directors	\$ 432,672	356,260
012 - District office personnel	566,656	448,167
013 Office supplies	17,031	10,959
014 Replacement furniture and equipment	1,404	1,272
015 Postage	10,187	8,484
016 Telephone	21,151	18,144
017 Office equipment rentals and repairs	48,585	38,461
018 Bank charges	7,942	5,978
019 Electricity	8,484	8,049
021 Fuel	-	-
022 Insurance	-	1,822
023 Repairs and maintenance (office building)	3,083	5,473
024 Travel	61,507	43,617
025 Board meeting expenses	8,880	6,430
026 Election expenses	-	-
027 Professional fees	16,968	15,255
028 Advertising	5,117	7,481
029 Membership dues	23,749	24,142
031 Municipal service fees	1,174	2,056
032 Rental of office space	-	-
033 Relocation expenses	-	-
034 Miscellaneous	11,417	6,870
035 Payroll tax	7,909	4,738
036 Negotiations	4,153	-
037 Severance pay (Note 8 a)	<u>5,507</u>	<u>7,349</u>
Total administration expenditures	<u>\$ 1,263,576</u>	<u>1,021,007</u>

See Accompanying Notes

VISTA SCHOOL DISTRICT
Instruction Expenditures
Fourteen Months ended August 31, 2004

		<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
52	010 Instructional salaries (gross)		
	011 Teachers' salaries - Regular	\$ 18,941,150	18,098,198
	012 - Substitute	674,254	671,282
	013 - District paid	22,665	26,126
	014 Augmentation	-	-
	015 Employee benefits	4,206,071	3,562,831
	016 School secretaries - salaries and benefits	412,489	450,911
	017 Payroll tax	469,633	392,364
	018 Other - severance pay (Note 8 a)	7,940	16,588
	Student assistant - wages and benefits	<u>300,046</u>	<u>310,753</u>
		<u>25,034,248</u>	<u>23,529,031</u>
52	040 Instructional materials		
	041 General supplies	130,498	75,814
	042 Library resource materials	14,412	18,136
	043 Teaching aids	36,599	45,286
	044 Textbooks	-	-
		<u>181,507</u>	<u>139,036</u>
52	060 Instructional furniture and equipment		
	061 Replacement	5,810	5,148
	062 Rentals and repairs	122,931	124,565
	063 Salary and benefits - computer technicians	<u>130,917</u>	<u>124,847</u>
		<u>259,658</u>	<u>254,560</u>
52	080 Instructional staff travel		
	081 Program co-ordinators	56,743	50,751
	082 Teachers' travel	1,877	2,120
	083 Inservice and conferences	<u>47,236</u>	<u>35,916</u>
		<u>105,856</u>	<u>88,787</u>
52	090 Other instructional costs		
	091 Postage and stationery	1,797	1,614
	092 Miscellaneous	59,715	56,983
	Funded projects - federal	-	8,983
	- other	135,337	108,937
	Salary and benefits - Resource Centre	<u>286</u>	<u>11,728</u>
		<u>197,135</u>	<u>188,225</u>
	Total instruction expenditures	<u>\$ 25,778,404</u>	<u>24,199,639</u>

See Accompanying Notes

Fourteen Months ended August 31, 2004

VISTA SCHOOL DISTRICT
Pupil Transportation Expenditures
Fourteen Months ended August 31, 2004

		<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
54	010 Operation and maintenance of Board owned fleet		
	011 Salaries and benefits:		
	- Administration	\$ -	-
	012 - Drivers and mechanics	105,103	109,054
	013 Payroll tax	1,316	1,364
	014 Dept repayment - Interest	8,411	9,294
	015 - principal	37,341	32,006
	016 Bank charges	-	-
	017 Gas and oil	32,309	38,445
	018 Licences	3,320	2,922
	019 Insurance	3,301	1,438
	021 Repairs and maintenance - fleet	41,765	32,000
	022 - building	-	-
	023 Tires and tubes	-	-
	024 Heat and light	-	-
	025 Municipal service	-	-
	026 Snow clearing	540	663
	027 Office supplies	-	-
	028 Rent	3,813	1,075
	029 Travel	-	34
	031 Professional fees	1,158	1,047
	032 Miscellaneous	-	-
	033 Telephone	1,232	779
	034 Severance pay (Note 8a)	<u>1,262</u>	<u>1,657</u>
		<u>240,871</u>	<u>231,778</u>
54	040 Contracted services		
	041 Regular transportation	1,385,263	1,416,477
	042 Handicapped	<u>127,752</u>	<u>145,517</u>
		<u>1,513,015</u>	<u>1,561,994</u>
Total pupil transportation expenditures		<u>\$ 1,753,886</u>	<u>1,793,772</u>

See Accompanying Notes

BERRICK & BROOKS
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Ancillary Services and Miscellaneous Expenses
Fourteen Months ended August 31, 2004

		<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
<u>Ancillary services</u>			
The District owns and operates the following ancillary services:			
None			
55.	Ancillary Services		
011	Operation of teachers' residences	\$ --	--
031	Cafeterias	--	--
032	Other	--	--
		<u>\$ --</u>	<u>--</u>

Schedule 7

		<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
<u>Miscellaneous expenses</u>			
The District has incurred the following miscellaneous expenses:			
None			
57	011 Miscellaneous expense	<u>\$ --</u>	<u>--</u>

See Accompanying Notes

DERRICK R. DRODZ
 CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Details of Property and Equipment
Fourteen Months ended August 31, 2004

		2003 (Note 9)	Additions	Disposals	2004
12	210 Land and sites				
	211 Land and site	\$ 282,713	-	-	282,713
12	220 Buildings				
	221 Schools	41,230,363	219,639	34,274	41,415,728
	222 Administration	329,946	-	-	329,946
	223 Residential	-	-	-	-
	224 Recreational	-	-	-	-
	225 Other	-	-	-	-
		<u>41,560,309</u>	<u>219,639</u>	<u>34,274</u>	<u>41,745,674</u>
12	230 Furniture and equipment				
	231 Schools	4,081,871	34,125	-	4,115,996
	232 Administration	426,618	5,771	-	432,389
	233 Residential	-	-	-	-
	234 Recreational	-	-	-	-
	235 Other	-	-	-	-
		<u>4,508,489</u>	<u>39,896</u>	<u>-</u>	<u>4,548,385</u>
12	240 Vehicles				
	241 Service vehicles	84,179	-	-	84,179
12	250 Pupil transportation				
	251 Land	-	-	-	-
	252 Building	-	-	-	-
	253 Vehicles				
	- buses	370,708	-	-	370,708
	- service	-	-	-	-
	255 Equipment	-	-	-	-
	256 Other	-	-	-	-
		<u>370,708</u>	<u>-</u>	<u>-</u>	<u>370,708</u>
12	260 Miscellaneous capital assets				
	261 Other				
	- water lines	29,151	-	-	29,151
	- resource centre	269,526	-	-	269,526
		<u>298,677</u>	<u>-</u>	<u>-</u>	<u>298,677</u>
	Total property and equipment	<u>\$ 47,105,075</u>	<u>259,535</u>	<u>34,274</u>	<u>47,330,336</u>

See Accompanying Notes

DERICK A. BRODIE
 CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Details of Long-term Debt
Fourteen Months ended August 31, 2004

	<u>2004</u>	<u>2003</u> (Note 9)
Bank loans, mortgages and debentures, approved by the District and the Government of Newfoundland and Labrador.		
22 210 Loans other than pupil transportation		
<u>Ref. #</u>		
211 Bank loans		
2125 Repayable \$ 4,406 monthly, maturing 2008	\$ 171,846	—
2211 Repayable \$ 7,833 monthly including interest, maturing 2009	382,862	450,770
2229 Repayable \$ 883 monthly, maturing 2007	45,053	56,719
2225 Repayable \$ 833 monthly, maturing 2006	<u>10,000</u>	<u>21,667</u>
Total 211	<u>609,761</u>	<u>529,156</u>
212 Mortgages	—	—
213 Debentures	—	—
214 Other	—	—
Subtotal	609,761	529,156
215 Less: current maturities	<u>136,738</u>	<u>78,000</u>
Total loans other than pupil transportation	<u>\$ 473,023</u>	<u>451,156</u>

Continued/...

DERICK A. DROOGS
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Details of Long-term Debt
Fourteen Months ended August 31, 2004

		2004	2003 (Note 9)
22	220 Loans - pupil transportation		
	<u>Ref. #</u>		
	221 Vehicle bank loans		
	2222 Repayable \$ 1,625 monthly, maturing 2007	49,654	72,404
	2223 Repayable \$ 521 monthly, maturing 2011	44,683	51,977
	2218 Repayable \$ 521 monthly, maturing 2013	<u>53,682</u>	<u>60,978</u>
	Total 221	148,019	185,359
	222 Land, building and equipment bank loans	<u>-</u>	<u>-</u>
	Subtotal	148,019	185,359
	223 Less: current maturities	<u>32,006</u>	<u>32,006</u>
	Total loans - pupil transportation	<u>116,013</u>	<u>153,353</u>
	Total long-term debt	<u>\$ 589,036</u>	<u>604,509</u>

See Accompanying Notes

DEARICK & DRODGE
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Summary of Long-term Debt
Fourteen Months ended August 31, 2004

<u>Description</u>	<u>Ref #</u>	<u>Rate</u>	<u>Balance Beginning of Period</u>	<u>Loans Obtained During Period</u>	<u>Principal Repayment for Period</u>	<u>Balance End of Period</u>
A) School construction	2211	8.5	\$ 450,770	--	67,908	382,862
	2229	Prime	56,719	--	11,666	45,053
B) Equipment			--	--	--	--
C) Service vehicles	2225	Prime	21,667	--	11,667	10,000
D) Other-guaranteed hours	2125	Prime	--	211,500	39,654	171,846
E) Pupil transportation	2218	Prime	60,978	--	7,296	53,682
	2222	Prime	72,404	--	22,750	49,654
	2223	Prime	<u>51,977</u>	<u>--</u>	<u>7,294</u>	<u>44,683</u>
Total loans			<u>\$ 714,515</u>	<u>211,500</u>	<u>168,235</u>	<u>757,780</u>

See Accompanying Notes

DERRICK R. DRODGE
 CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Schedule of Current Maturities
Fourteen Months ended August 31, 2004

<u>Description</u>	<u>Ref #</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
A) School construction						
	2211	\$ 63,866	69,509	75,654	82,342	89,610
	2229	10,000	10,000	10,000	10,000	5,053
B) Equipment		-	-	-	-	-
C) Service vehicles	2225	10,000	-	-	-	-
D) Other	2125	<u>52,872</u>	<u>52,872</u>	<u>52,872</u>	<u>13,230</u>	<u>-</u>
		<u>136,738</u>	<u>132,381</u>	<u>138,526</u>	<u>105,572</u>	<u>94,663</u>
E) Pupil transportation						
	2218	6,254	6,254	6,254	6,254	6,254
	2222	19,500	19,500	10,654	-	-
	2223	<u>6,252</u>	<u>6,252</u>	<u>6,252</u>	<u>6,252</u>	<u>6,252</u>
		<u>32,006</u>	<u>32,006</u>	<u>23,160</u>	<u>12,506</u>	<u>12,506</u>
Total		<u>\$ 168,744</u>	<u>164,387</u>	<u>161,686</u>	<u>118,078</u>	<u>107,169</u>

See Accompanying Notes

BERRICK & DRODGE
 CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
 Schedule of interest Expense
 Fourteen Months ended August 31, 2004

		<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
56	010 <u>Description</u>		
	012 Capital		
	School construction	\$ 47,953	43,729
	Equipment	—	—
	Service vehicles	1,061	1,176
	Other	<u>1,031</u>	<u>—</u>
	Total capital	<u>50,045</u>	<u>44,905</u>
	013 Current		
	Operating loans	848	1,276
	Supplier interest charges	<u>—</u>	<u>—</u>
	Total current	<u>848</u>	<u>1,276</u>
	Total interest expense	<u>\$ 50,893</u>	<u>46,181</u>

See Accompanying Notes

DERRICK R. DRODGE
 CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Supplementary Information
Fourteen Months ended August 31, 2004

		<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
1.	<u>Cash</u>		
	<u>Current</u>		
11	110 Cash on hand and in bank		
	111 Cash on hand	\$ 59	125
	112 Bank - current	86,742	-
	113 - savings	-	-
	114 - teachers' payroll	-	-
	115 - non-teachers' payroll	-	-
	116 - coupon (debenture)	-	-
	117 - other	-	-
	<u>Capital</u>		
11	210 Cash on hand and in bank		
	211 Cash on hand	-	-
	212 Bank - current	-	-
	213 - savings	-	-
	214 - other	-	-
	Total cash on hand and in bank	<u>\$ 86,801</u>	<u>125</u>

The District uses one bank account for both current operating and capital purposes.

		<u>2004</u>	<u>2003</u> <u>(Note 9)</u>
2.	<u>Short-term Investments</u>		
	<u>Current</u>		
11	121 Term deposits	\$ -	-
	122 Canada Savings Bonds	-	-
	123 Other	-	-
	<u>Capital</u>		
11	221 Term deposits	-	-
	222 Canada Savings Bonds	-	-
	223 Other	-	-
	Total short-term investments	<u>\$ -</u>	<u>-</u>

DERRICK R. DRODGE
CHARTERED ACCOUNTANT

VISTA SCHOOL DISTRICT
Supplementary Information
Fourteen Months ended August 31, 2004

			<u>2004</u>	<u>2003</u> (Note 9)
3.		<u>Prepaid expenses</u>		
		<u>Current</u>		
11	141	Insurance	\$ -	-
	142	Municipal service fees	-	-
	143	Supplies	5,347	24,079
	144	Other	36,151	-
		<u>Capital</u>		
11	241	Other	-	-
			<u>\$41,498</u>	<u>24,079</u>

DERRICK R. DRODGE
CHARTERED ACCOUNTANT

Waterford Foundation Inc.
Financial Statements
March 31, 2004

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of Directors
Waterford Foundation Inc.

We have audited the statement of financial position of the **Waterford Foundation Inc.** at March 31, 2004 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 30, 2004

Grant Thornton LLP
Chartered Accountants

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Waterford Foundation Inc.**Statements of Operations and Changes in Net Assets**Year Ended March 31 2004 2003

Revenue

Ever Green Recycling	\$ 1,823,648	\$ 1,448,127
Mill Lane Enterprises	225,040	196,686
Grants	64,964	34,381
Interest income	22,782	13,620
Other fundraising activities	22,470	27,280
Lottery proceeds	17,061	32,596
Amortization of deferred contributions	12,149	12,676
Special events	5,000	16,760
Donations	1,912	5,725
	<u>1,995,024</u>	<u>1,787,840</u>

Expenditure

Ever Green Recycling	1,073,512	963,183
Mill Lane operating subsidy (Note 4)	199,513	190,758
Mill Lane Enterprises	88,532	96,201
Salaries and benefits	247,916	212,584
Mental Health fund	45,232	40,891
Administrative and board	26,524	28,873
Depreciation	19,852	25,840
Bank service charges	7,018	7,504
Fundraising and public awareness	6,657	9,783
Special events	5,159	6,492
Lottery	3,975	16,422
	<u>1,723,091</u>	<u>1,602,531</u>

Excess of revenue over expenditure 271,933 185,309

Net assets

Beginning of year	<u>804,111</u>	<u>618,802</u>
End of year	<u>\$ 1,076,044</u>	<u>\$ 804,111</u>

See accompanying notes to the financial statements.

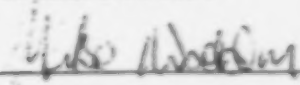
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Waterford Foundation Inc.
Statement of Financial Position

March 31	2004	2003
Assets		
Current		
Cash and cash equivalents	\$ 1,089,273	\$ 805,732
Accounts receivable	48,679	56,388
Prepays	-	900
	<u>1,137,952</u>	<u>863,020</u>
Capital assets (Note 3)	<u>109,012</u>	<u>71,671</u>
	<u>\$ 1,246,964</u>	<u>\$ 934,691</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 133,479	\$ 81,742
Due to Health Care Corporation of St. John's	<u>34,761</u>	<u>34,009</u>
	<u>168,240</u>	<u>115,751</u>
Deferred contributions - capital	<u>2,680</u>	<u>14,829</u>
	<u>170,920</u>	<u>130,580</u>
Net Assets		
Net assets	<u>1,076,044</u>	<u>804,111</u>
	<u>\$ 1,246,964</u>	<u>\$ 934,691</u>

Commitments (Note 6)

On behalf of the Board

 Director  Director

See accompanying notes to the financial statements.

Grant Thornton 

Waterford Foundation Inc.
Statement of Cash Flows

Year Ended March 31	2004	2003
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditure	\$ 271,933	\$ 185,309
Depreciation	19,052	25,840
Amortization of deferred contributions	(12,149)	(12,676)
	278,836	198,473
Change in non-cash operating working capital (Note 5)	61,098	55,886
	339,934	254,359
Financing		
Capital contributions	-	4,505
Investing		
Purchase of capital assets	(56,393)	(35,396)
Net increase in cash and cash equivalents	283,541	223,468
Cash and cash equivalents		
Beginning of year	805,732	582,264
End of year	\$ 1,089,273	\$ 805,732

See accompanying notes to the financial statements.

Grant Thornton 

Waterford Foundation Inc.

Notes to the Financial Statements

March 31, 2004

1. Nature of operations

The Waterford Foundation Inc. is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador. During the year, the Health Care Foundation began to govern and manage the operations of the Foundation.

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Donation revenue

Revenue from donations is recognized in the accounts of the Foundation in the year in which it is received.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash floats and deposits with banks, net of overdrafts.

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following rates per annum:

Leasehold improvements	3 years, straight line
Motor vehicles	30%, declining balance
Equipment	20%, declining balance
Computer equipment	30%, declining balance

Grant Thornton 

Waterford Foundation Inc. Notes to the Financial Statements

March 31, 2004

2. Summary of significant accounting policies (cont'd.)

Severance pay

Severance pay is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. Severance pay is only recorded in the accounts for employees who have a vested right to receive such a payment. No provision for the ultimate severance pay liability is made in the accounts for any employee who does not have a vested right to the payment. The amount is payable when the employee ceases employment with the Corporation.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income at the following rates per annum:

Motor vehicles	40 months, straight line
Computer equipment	30%, declining balance

3.	Capital assets		2004	2003
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Leasehold improvements	\$ 187,746	\$ 160,599	\$ 27,147	
Motor vehicles	56,191	39,328	16,863	\$ 24,091
Equipment	92,731	49,490	43,241	42,514
Computer equipment	17,518	12,363	5,155	5,066
Construction in progress	16,606	-	16,606	-
	<u>\$ 370,792</u>	<u>\$ 261,780</u>	<u>\$ 109,012</u>	<u>\$ 71,671</u>

4. Mill Lane operating subsidy

The Foundation is currently paying a subsidy of \$16,595 a month (2003 - \$16,595) to the Health Care Corporation of St. John's, as a contribution towards the cost of the work therapy programs.

5.	Supplemental cash flow information	2004	2003
	Change in non-cash operating working capital		
	Accounts receivable	\$ 7,709	\$ 25,977
	Prepays	900	(48)
	Accounts payable and accrued liabilities	51,737	49,579
	Due to Health Care Corporation of St. John's	<u>752</u>	<u>(19,622)</u>
		<u>\$ 61,098</u>	<u>\$ 55,886</u>

Grant Thornton

Waterford Foundation Inc.
Notes to the Financial Statements

March 31, 2004

6. Commitments

The Foundation has committed to allocate \$1,000,000 of its operating funds to construct a new facility for the Foundation. Project costs incurred to March 31, 2004 amounted to \$16,606. Total project costs are estimated at \$3,900,000, with construction expected to commence in 2005.

The Foundation has also entered into agreements to lease space with minimum payments for each of the next two years as follows:

2005 - \$68,400; and 2006 - \$68,400.

7. Related party transactions

The Foundation provides support to the Health Care Corporation of St. John's to assist with the provision of certain services and programs for mental health program clients.

Transactions between these related parties are measured at their exchange value.

8. Financial instruments

The carrying value of the primary financial instruments of the Foundation approximates fair value due to normal trade credit terms and conditions of these instruments.

9. Comparative figures

Certain of the 2003 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Waterford Foundation Inc.
Financial Statements
March 31, 2005

Grant Thornton 

Grant Thornton LLP
Chartered Accountants
Management Consultants

Auditors' Report

To the Members of the Board of Directors
Health Care Foundation

We have audited the statement of financial position of the **Waterford Foundation Inc.** at March 31, 2005 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Foundation derives certain of its revenue from the general public in the form of donations and other fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amount recorded in the records of the Foundation and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenditure, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

St. John's, Newfoundland
May 17, 2005

Grant Thornton LLP
Chartered Accountants

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Waterford Foundation Inc.**Statements of Operations and Changes in Net Assets**

Year Ended March 31

2005

2004

Revenue

Ever Green Recycling	\$ 1,692,536	\$ 1,623,646
Mill Lane Enterprises	201,044	225,040
Grants	70,889	64,964
Interest income	20,349	22,782
Lottery proceeds	16,500	17,061
Other fundraising activities	15,035	22,470
Special events	9,227	5,000
Gain on disposal of capital assets	4,195	-
Donations	1,242	1,912
Amortization of deferred contributions	804	12,149
	<u>2,031,821</u>	<u>1,995,024</u>

Expenditure

Ever Green Recycling	1,189,762	1,139,021
Mill Lane operating subsidy (Note 4)	134,004	134,004
Mill Lane Enterprises	100,591	88,532
Salaries and benefits	233,427	247,916
Mental Health fund	41,615	45,232
Administrative and board	31,074	26,524
Amortization	27,176	19,052
Special events	7,362	5,159
Bank service charges	6,667	7,018
Fundraising and public awareness	3,825	6,657
50/50 lottery	-	3,976
	<u>1,775,503</u>	<u>1,723,091</u>

Excess of revenue over expenditure

256,318 271,933

Net assets

Beginning of year	<u>1,076,044</u>	<u>804,111</u>
End of year	<u>\$ 1,332,362</u>	<u>\$ 1,076,044</u>

See accompanying notes to the financial statements.

Grant Thornton 

Waterford Foundation Inc.
Statement of Financial Position

March 31 2005 2004

Assets

Current

Cash and cash equivalents	\$ 1,262,649	\$ 1,089,273
Accounts receivable	63,500	48,679
Inventories	<u>22,693</u>	<u>-</u>

	1,348,842	1,137,952
--	-----------	-----------

Capital assets (Note 3)	152,518	109,012
-------------------------	---------	---------

Intangible assets, net of accumulated amortization	<u>1,967</u>	<u>-</u>
--	--------------	----------

	<u>\$ 1,503,327</u>	<u>\$ 1,246,964</u>
--	---------------------	---------------------

Liabilities

Current

Accounts payable and accrued liabilities	\$ 109,606	\$ 133,479
Due to Health Care Corporation of St. John's	52,983	34,761
Deferred contributions	<u>6,500</u>	<u>-</u>

	169,089	168,240
--	---------	---------

Deferred contributions - capital	<u>1,876</u>	<u>2,680</u>
----------------------------------	--------------	--------------

	170,965	170,920
--	---------	---------

Net Assets

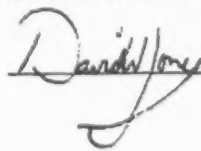
Net assets

	<u>1,332,362</u>	<u>1,076,044</u>
--	------------------	------------------

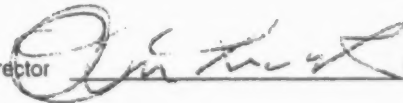
	<u>\$ 1,503,327</u>	<u>\$ 1,246,964</u>
--	---------------------	---------------------

Commitments (Note 6)

On behalf of the Board



Director



Director

See accompanying notes to the financial statements.

Grant Thornton 

Waterford Foundation Inc.
Statement of Cash Flows

Year Ended March 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenditure	\$ 256,318	\$ 271,933
Amortization	27,176	19,052
Gain on disposal of capital assets	(4,195)	-
Amortization of deferred contributions	(804)	(12,149)
	<u>278,495</u>	<u>278,836</u>
Change in non-cash operating working capital (Note 5)	<u>(36,665)</u>	<u>61,098</u>
	<u>241,830</u>	<u>339,934</u>

Investing

Purchase of capital assets	(81,995)	(56,393)
Proceeds from disposal of capital assets	16,000	-
Acquisition of intangible assets	(2,459)	-
	<u>(68,454)</u>	<u>(56,393)</u>

Net increase in cash and cash equivalents

173,376 283,541

Cash and cash equivalents

Beginning of year	<u>1,089,273</u>	<u>805,732</u>
End of year	<u>\$ 1,262,649</u>	<u>\$ 1,089,273</u>

See accompanying notes to the financial statements.

Grant Thornton 

Waterford Foundation Inc.

Notes to the Financial Statements

March 31, 2005

1. Nature of operations

The Waterford Foundation Inc. is a registered charitable organization incorporated to raise funds for public awareness and provide programs and services for mental health clients in Newfoundland and Labrador. The Health Care Foundation governs and manages the operations of the Foundation.

As a registered charity, the Foundation is exempt from income tax and may issue charitable donation receipts.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Use of estimates

In preparing the Foundation's financial statements in conformity with Canadian generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Revenue recognition

The following revenue recognition policies have been adopted:

- a) Recycling revenue is recognized throughout the capturing, processing, packaging and shipping phases of the recycling operation.
- b) Mill Lane revenues are recognized upon shipment and when all significant contractual obligations have been satisfied and collection is reasonably assured.
- c) Grant revenue is recognized when related expenditures have been incurred.
- d) Revenue from donations is recognized in the accounts of the Foundation in the year in which it is received.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash floats, deposits with banks, net of overdrafts and short-term investments.

Inventories

Inventories are valued at the lower of cost and net realizable value.

Grant Thornton 

Waterford Foundation Inc.
Notes to the Financial Statements
 March 31, 2005

2. Summary of significant accounting policies (cont'd.)

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives at the following rates per annum:

Leasehold improvements	3 years, straight line
Motor vehicles	30%, declining balance
Equipment	20%, declining balance
Computer equipment	30%, declining balance

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Intangible assets

Intangible assets are recorded at cost and amortized on a straight-line basis over a period of 5 years.

Capital contributions

Capital contributions are recorded as deferred contributions and amortized to income at the following rates per annum:

Computer equipment	30%, declining balance
--------------------	------------------------

3. Capital assets		2005		2004	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Leasehold improvements	\$ 189,823	\$ 170,252	\$ 19,571	\$ 27,147	
Motor vehicles	52,249	-	52,249	16,863	
Equipment	106,481	59,514	46,967	43,241	
Computer equipment	20,186	14,310	5,876	5,155	
Construction in progress	16,606	-	16,606	16,606	
IT system under development	11,249	-	11,249	-	
	<u>\$ 396,594</u>	<u>\$ 244,076</u>	<u>\$ 152,518</u>	<u>\$ 109,012</u>	

Waterford Foundation Inc.
Notes to the Financial Statements
March 31, 2005

4. Mill Lane operating subsidy

The Foundation is currently paying a subsidy of \$16,595 a month (2004 - \$16,595) to the Health Care Corporation of St. John's, as a contribution towards the cost of the work therapy programs.

5. Supplemental cash flow information	<u>2005</u>	<u>2004</u>
Change in non-cash operating working capital		
Accounts receivable	\$ (14,821)	\$ 7,709
Inventories	(22,693)	-
Prepays	-	900
Accounts payable and accrued liabilities	(23,873)	51,737
Due to Health Care Corporation of St. John's	18,222	752
Deferred contributions	<u>6,500</u>	<u>-</u>
	\$ (36,665)	\$ 61,098
Interest received	<u>\$ 17,585</u>	<u>\$ 20,542</u>

Restricted cash and cash equivalents

Cash and cash equivalents in the amount of \$37,915 (2004 - \$38,040) is restricted for various programs at the Waterford Hospital.

6. Commitments

The Foundation has committed to allocate \$1,000,000 of its operating funds to construct a new facility for the Foundation. Project costs incurred to March 31, 2005 amounted to \$16,606. Total project costs are estimated at \$3,900,000, with construction expected to commence in 2005. No further costs were incurred during the fiscal year ended March 31, 2005.

The Foundation has also committed to allocate \$40,000 of its operating funds for the development of a new information technology system to be installed at the depots and head office. Costs incurred to March 31, 2005 amounted to \$11,249. Implementation is expected to occur within the next year.

The Foundation has also entered into agreements to lease space for \$68,400.

Waterford Foundation Inc.
Notes to the Financial Statements
March 31, 2005

7. Related party transactions

The Foundation provides support to the Health Care Corporation of St. John's to assist with the provision of certain services and programs for mental health program clients.

Transactions between these related parties are measured at their exchange value.

8. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

9. Comparative figures

Certain of the 2004 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Western Health Care Corporation
Combined Funds
Financial Statements
March 31, 2005

Grant Thornton 

Auditors' Report

To the Members of the Board of
Western Health Care Corporation

We have audited the balance sheet of Western Health Care Corporation - Combined Funds as at March 31, 2005, and the statements of changes in net deficiency, operations and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2005, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Corner Brook, Newfoundland and Labrador
September 15, 2005


Grant Thornton LLP
Chartered Accountants

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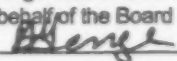
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Western Health Care Corporation
Combined Funds
Balance Sheet

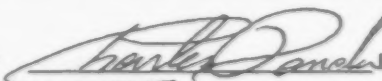
March 31	2005	2004
Assets		
Current		
Cash and cash equivalents	\$ 154,829	\$ 157,003
Receivables (Note 3)	5,834,857	10,264,008
Inventory	3,420,686	3,294,258
Prepaid expenses	3,297,730	3,122,741
Bursary advances (Note 4)	341,670	216,670
Due from Health and Community Services Western	<u>1,777,076</u>	<u>953,406</u>
	14,826,848	18,008,086
Due from associated funds (Note 5)	366,169	865,556
Restricted cash and cash equivalents	125,548	121,097
Capital assets (Note 6)	46,028,464	44,095,371
Trust funds on deposit	<u>464,782</u>	<u>408,873</u>
	<u>\$ 61,811,811</u>	<u>\$ 63,498,983</u>
Liabilities		
Current		
Bank indebtedness (Note 7)	\$ 18,985,234	\$ 15,270,776
Payables and accruals (Note 8)	18,136,428	18,435,397
Deferred contributions - operating	669,779	671,416
Deferred contributions - capital	5,553,170	8,634,071
Vacation pay accrual	4,231,826	4,393,836
Current portion of severance pay accrual	800,000	800,000
Current portion of long term debt (Note 9)	<u>640,200</u>	<u>791,000</u>
	49,016,637	48,996,496
Deferred contributions		
- unamortized portion of capital asset grants	34,915,496	32,490,168
Severance pay accrual	18,538,094	17,922,195
Trust funds payable	464,782	408,873
Long term debt (Note 9)	<u>7,132,903</u>	<u>7,772,943</u>
	<u>110,067,912</u>	<u>107,590,675</u>
Net Assets		
Net assets invested in capital assets	3,339,864	3,047,976
Restricted net assets - endowments	118,742	112,215
Unrestricted net assets	<u>(51,714,707)</u>	<u>(47,251,883)</u>
	<u>(48,256,101)</u>	<u>(44,091,692)</u>
	<u>\$ 61,811,811</u>	<u>\$ 63,498,983</u>

Contingencies and commitments (Note 10)

On behalf of the Board



Member



Member

See accompanying notes to the financial statements.

Grant Thornton 

Western Health Care Corporation
Combined Funds
Statement of Changes in Net Deficiency

March 31

	Unrestricted	Capital	Endowments (Restricted)	2005 Total	2004 Total
Balance, beginning of year	\$ (45,239,141)	\$ (835,552)	\$ 112,215	\$ (45,962,478)	\$ (43,036,619)
Prior period adjustment (Note 12)	(2,012,742)	3,883,528	-	1,870,786	1,774,495
Balance, restated	(47,251,883)	3,047,976	112,215	(44,091,692)	(41,262,124)
Excess of expenditures over revenue	(4,164,409)	-	-	(4,164,409)	(2,829,568)
Restricted interest income	(6,527)	-	6,527	-	-
Amortization of capital assets	4,281,526	(4,281,526)	-	-	-
Amortization of capital asset grants	(4,160,003)	4,160,003	-	-	-
Purchase of capital assets from unrestricted funds	(461,394)	461,394	-	-	-
Proceeds from sale of capital assets	1,197	(1,197)	-	-	-
Loss on sale of capital assets	46,786	(46,786)	-	-	-
Balance, end of year	\$ (51,714,707)	\$ 3,339,864	\$ 118,742	\$ (48,256,101)	\$ (44,091,692)

See accompanying notes to the financial statements.

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Western Health Care Corporation
Combined Funds
Statement of Operations

Year Ended March 31	2005	2004
Revenue		
Provincial plan	\$ 127,055,556	\$ 126,160,955
Other operating	29,529,164	29,474,333
Board fund	<u>1,156,585</u>	<u>1,211,260</u>
	<u>157,741,305</u>	<u>156,846,548</u>
Expenditures		
Administrative and support services	48,533,239	47,053,427
Nursing and medical services	73,530,337	73,162,593
Ambulatory care services	13,731,082	12,689,121
Diagnostic and therapeutic services	18,716,646	18,658,311
Educational services	3,937,933	3,853,274
General services	1,666,810	1,679,832
Board fund	<u>1,214,255</u>	<u>1,427,804</u>
	<u>161,330,302</u>	<u>158,524,362</u>
Operating deficit before other items	<u>(3,588,997)</u>	<u>(1,677,814)</u>
Other items		
Increase in severance and vacation pay accrual	453,889	1,039,443
Amortization of capital assets	4,281,526	3,826,635
Amortization of capital asset grants	<u>(4,160,003)</u>	<u>(3,714,324)</u>
	<u>575,412</u>	<u>1,151,754</u>
Excess of expenditures over revenue	<u>\$ (4,164,409)</u>	<u>\$ (2,829,568)</u>

See accompanying notes to the financial statements.

Grant Thornton 

Western Health Care Corporation
Combined Funds
Statement of Cash Flows

Year Ended March 31	2005	2004
Cash and cash equivalents derived from (applied to)		
Operations		
Excess of expenditures over revenue	\$ (4,164,409)	\$ (2,829,568)
Increase in severance and vacation pay accrual	453,889	1,039,443
Loss on disposal of capital assets	1,197	-
Amortization of capital assets	4,281,526	3,826,635
Amortization of capital assets - repayment of long term debt	600,989	626,351
Amortization of capital asset grants	(4,160,003)	(3,714,324)
	(2,986,811)	(1,051,463)
Changes in		
Receivables	4,429,154	(3,322,353)
Inventory	(126,428)	(532,207)
Bursary advances	(125,000)	16,359
Prepaid expenses	(174,989)	(231,901)
Due from associated funds	(324,283)	340,563
Payables and accruals	(300,606)	2,161,595
	391,037	(2,619,407)
Financing		
Increase in bank indebtedness	3,714,458	2,916,411
Capital contributions	3,504,427	7,862,421
Repayment of long term debt	(790,840)	(816,247)
	6,428,045	9,962,585
Investing		
Disposal of capital assets	46,786	6,717
Purchase of capital assets	(6,863,591)	(7,369,795)
Increase in restricted cash and investments	(4,451)	(9,366)
	(6,821,256)	(7,372,444)
Net decrease in cash and cash equivalents	(2,174)	(29,266)
Cash and cash equivalents		
Beginning of year	157,003	186,269
End of year	\$ 154,829	\$ 157,003

See accompanying notes to the financial statements.

Grant Thornton 

Western Health Care Corporation Combined Funds Notes to the Financial Statements

March 31, 2005

1. Nature of operations

The Western Health Care Corporation ("the Corporation") was constituted under the Hospital's Act (Western Health Care Corporation) Constitution Order and is responsible for the management and control of the operations of acute and long term care facilities in the western region of the province of Newfoundland and Labrador. The Corporation assumed responsibility for these facilities effective January 1, 1996. The institutions are as follows:

Western Memorial Regional Hospital, including Western Linen Services
Bonne Bay Hospital Division
Dr. J. I. O'Connell Centre
Calder Health Care Centre
Rufus Guinchard Health Care Centre
Bay St. George Senior Citizens Home
Sir Thomas Roddick Hospital
Dr Charles L Legrow Health Centre
Interfaith Home for Senior Citizens

The Board of Trustees of Western Health Care Corporation governs the Western Health Care Corporation.

The Western Health Care Corporation is a registered charity and consequently is exempt under the Income Tax Act.

2. Summary of significant accounting policies

Use of estimates

In preparing the company's financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements, and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

Basis of presentation

The combined funds apply fund accounting principles as follows:

The Operating Fund contains the assets, liabilities, revenues and expenditures of the Corporation related to the provision of hospital services, which are funded by the Department of Health.

The Board of Trustees Fund contains special purpose assets and those which may be expended at the discretion of the Board. Revenue consists mainly of investment income and revenue not directly related to hospital operations. Expenditures of this fund consist of hospital operating expenditures not shared by government and those approved by the Board.

Grant Thornton 

Western Health Care Corporation

Combined Funds

Notes to the Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term investments. Bank borrowings are considered financing activities.

Inventory

Inventory is valued at average cost on a first-in, first-out basis.

Capital assets

The combined funds have control over certain assets for which title resides with the Government of Newfoundland and Labrador. These assets have not been recorded in the financial statements of the combined funds. Capital assets acquired after January 1, 1996 are recorded at cost. Assets that are acquired through long term borrowing are amortized at an amount equal to the annual principal repayment of the debt obligation. The remaining assets in use are amortized on a declining balance basis at the following rates:

Land improvements	2 ½%
Buildings	3 - 6 ¼%
Parking lot	6 ¼%
Equipment	15%
Equipment under capital leases	15%
Vehicles	20%

Capital and operating leases

A lease that transfers substantially all of the risks and rewards incidental to the ownership of property is accounted for as a capital lease. Assets acquired under capital lease result in a capital asset and an obligation being recorded equal to the lesser of the present value of the minimum lease payments and the property's fair value at the time of inception. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

Severance and vacation pay liability

An accrued liability for severance and vacation pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of continuous service and no provision has been made for employees with less than nine years of service.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred contributions - operating.

Unrestricted cash donations are recognized as revenue when they are received. Donations of materials and services that would otherwise have been purchased are recorded at fair value when a fair value can be reasonably determined.

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Western Health Care Corporation Combined Funds Notes to the Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd)

Capital contributions expended are recorded as deferred contributions and amortized to income on a declining balance basis using the same rates as depreciation expense related to the capital assets purchased. Capital contributions expended for non-depreciable capital assets are recorded as direct increases in net assets. Non-expended capital contributions are deferred and are not amortized until expended.

Revenue from the sale of goods and services is recognized at the time the goods are delivered or the services are provided.

Pension costs

Employees of the Corporation are covered by the Public Service Pension Plan and the Government Money Pension Plan administered by the Province of Newfoundland and Labrador. Contributions to the plans are required from both the employees and the Board. The annual contributions for pensions are recognized in the accounts on a current basis.

Financial instruments

The corporation's financial instruments include trade receivables and trade payables due from associated funds, trust funds on deposit and payable, bank indebtedness and bursary advances. It is management's view that the fair value of these instruments approximates their carrying value due to their short term to maturity.

Unless otherwise noted, it is management's opinion that the corporation is not exposed to significant credit, interest rate or currency risk arising from its financial instruments.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

3. Receivables	<u>2005</u>	<u>2004</u>
Province of Newfoundland		
Capital contributions	\$ 122,526	\$ 4,606,188
Provincial Plan	257,653	452,484
MCP	1,549,430	2,064,660
Patient services	980,873	1,063,344
Employees' and associated receivables	644,470	693,482
Harmonized sales tax rebate	387,161	221,904
Other	1,892,744	1,161,946
	<u>\$ 5,834,857</u>	<u>\$ 10,264,008</u>

Grant Thornton 

Western Health Care Corporation
Combined Funds
Notes to the Combined Financial Statements

March 31, 2005

4. Bursary advances

The Board of Trustees has provided advances to medical professionals to assist with education costs. As consideration for receiving the bursary, these medical professionals are required to provide a period of service to the Corporation after completing their educational program. The bursary advances are recorded as an asset and are amortized on a straight-line basis over the required period of service upon commencement of employment. The advances are repayable to the Corporation if the medical professional does not complete the agreed period of service.

5. Due from associated funds	2005	2004
Cottages	\$ 330,339	\$ 800,777
Associated Foundations	<u>35,830</u>	<u>64,779</u>
	<u>\$ 366,169</u>	<u>\$ 865,556</u>

Amounts due from associated funds are non-interest bearing with no set terms of repayment.

6. Capital assets	2005		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 575,472	\$ -	\$ 575,472
Land improvements	147,791	65,189	82,602
Equipment under capital lease	6,775,348	2,380,525	4,394,823
Buildings	34,679,495	15,517,989	19,161,506
Parking lot	1,164,081	610,276	553,805
Equipment	57,595,982	36,586,933	21,009,049
Motor vehicles	<u>593,630</u>	<u>342,423</u>	<u>251,207</u>
	<u>\$ 101,531,799</u>	<u>\$ 55,503,335</u>	<u>\$ 46,028,464</u>

	2004		
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 575,472	\$ -	\$ 575,472
Land improvements	147,791	63,071	84,720
Equipment under capital lease	6,775,348	1,632,516	5,142,832
Buildings	33,898,266	14,663,889	19,234,377
Parking lot	1,019,256	583,943	435,313
Equipment	51,717,762	33,409,114	18,308,648
Motor vehicles	<u>593,630</u>	<u>279,621</u>	<u>314,009</u>
	<u>\$ 94,727,525</u>	<u>\$ 50,632,154</u>	<u>\$ 44,095,371</u>

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Western Health Care Corporation
Combined Funds
Notes to the Combined Financial Statements

March 31, 2005

7. Bank indebtedness

The Corporation has signed an overdraft lending agreement with the Bank of Montreal, interest being charged at prime less 0.5% on any overdraft (March 31, 2005 – 4.25%; March 31, 2004 – 4.00%).

8. Payables and accruals	<u>2005</u>	<u>2004</u>
Accounts payable and accrued liabilities	\$ 17,815,855	\$ 18,114,824
Provincial Plan	<u>320,573</u>	<u>320,573</u>
	\$ 18,136,428	\$ 18,435,397

The repayment of the Provincial Plan Payable is contingent upon final settlement for the years 1984 to 1992, which could then result in an adjustment to the amount recorded.

9. Long term debt	<u>2005</u>	<u>2004</u>
Canada Mortgage and Housing Corporation mortgage, at 5.5%, maturing in 2021, payable in blended monthly instalments of \$14,647.	\$ 1,887,606	\$ 1,958,505
Canada Mortgage and Housing Corporation mortgage, at 8%, maturing in 2026, payable in blended monthly instalments of \$9,523.	1,185,559	1,205,852
Newfoundland and Labrador Housing Corporation loan, at 7.875%, maturing in 2022, repayable in blended monthly instalments of \$6,056.	685,844	704,670
Obligations under capital lease, at 5.83%, maturing in 2011, payable in blended monthly instalments of \$61,951.	<u>4,014,094</u>	<u>4,694,916</u>
	7,773,103	8,563,943
Less: Amount payable within one year	<u>640,200</u>	<u>791,000</u>
	\$ 7,132,903	\$ 7,772,943

Grant Thornton 

Western Health Care Corporation
Combined Funds
Notes to the Combined Financial Statements

March 31, 2005

9. Long term debt (cont'd)

As security for the mortgage and bank loans, the corporation has provided a first mortgage over land and buildings at the Corner Brook Interfaith Home and at the Bay St. George Senior Citizens Home.

As security for capital leases the Corporation has provided specific capital equipment having a net book value of \$4,306,491.

Principal repayments over the next five years are as follows: \$2006 - \$640,200; 2007 - \$679,200; 2008 - \$720,500; 2009 - \$763,400; 2010 - \$808,600

10. Contingencies and commitments

Claims

As of March 31, 2005, there were a number of claims against the Board in varying amounts for which no provision has been made. It is not possible to determine the amounts, if any, that may ultimately be assessed against the Board with respect to these claims, but management believes any claims, if successful, will be covered by liability insurance.

Operating leases

The Corporation has a number of agreements whereby it leases equipment and property, in addition to those disclosed under Note 9. These agreements range in terms from five to twenty years. These leases are accounted for as operating leases. Future minimum lease payments under operating leases for the next five years are as follows:

Fiscal year ended	2006	\$ 1,055,000
	2007	\$ 978,000
	2008	\$ 831,000
	2009	\$ 831,000
	2010	\$ 831,000

11. Subsequent event

Effective April 1, 2005, the Government of Newfoundland and Labrador merged the Corporation and Western Health and Community Services. The new entity will serve the health needs of the residents of Western Newfoundland and Labrador and will be known as Western Regional Integrated Health Authority.

During the fiscal year, the owners of the Bonne Bay Health Centre went into receivership. Subsequent to year end, Western Regional Integrated Health Authority exercised its rights to buy the facility by making a \$5,000,000 down payment to the trustees in bankruptcy. This funding was provided by the Government of Newfoundland and Labrador.

Grant Thornton 

Western Health Care Corporation
Combined Funds
Notes to the Combined Financial Statements
March 31, 2005

12. Prior period adjustment

During the year, comparative figures were adjusted to correct amortization of leased and mortgaged assets. The amortization was adjusted to agree to principal repayments made over the same periods. Comparative figures were also adjusted to reallocate the unfunded purchase of capital assets from operating to net assets invested in capital assets. The following accounts have been affected:

	<u>Increase</u>	<u>Decrease</u>
Deficiency	\$ 2,012,742	\$ -
Capital assets	1,129,313	-
Deferred contributions unamortized portion of capital asset grants	-	963,038
Net assets invested in capital assets	3,883,528	-
Deferred contributions capital	221,565	-
Amortization of capital assets	-	127,373
Amortization of capital asset grants	-	31,082

Grant Thornton 

**Western Regional Health
And Community Services Board
Financial Statements
March 31, 2005**

Grant Thornton 

Auditors' Report

To the Members of the Board of
Western Regional Health and Community Services Board

We have audited the balance sheet of Western Regional Health and Community Services Board as at March 31, 2005 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Grant Thornton LLP

Corner Brook, Newfoundland and Labrador
June 30, 2005

Grant Thornton LLP
Chartered Accountants

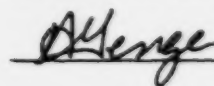
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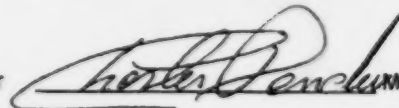
**Western Regional Health and Community Services Board
Combined Funds
Balance Sheet**

March 31	2005	2004
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 165,128	\$ 1,908,474
Receivables (Note 4)	721,940	785,486
Prepaid expenses	<u>333,908</u>	<u>410,837</u>
	1,220,976	3,104,797
Payroll advance	51,881	52,169
Capital assets (Note 5)	<u>1,396,789</u>	<u>690,398</u>
	<u>\$ 2,669,646</u>	<u>\$ 3,847,364</u>
Liabilities		
Current		
Payables and accruals	\$ 922,911	\$ 1,210,167
Deferred contributions - operating	596,310	725,635
Deferred contributions - capital	32,650	108,061
Deferred contributions - NCB	106,948	114,685
Deferred contributions - ECD	38,236	40,152
Deferred contributions - ELCC	94,168	-
Due to Western Health Care Corporation	1,777,076	953,406
Vacation pay accrual	1,445,045	1,280,126
Current portion of severance pay accrual	<u>150,000</u>	<u>100,000</u>
	5,163,364	4,532,232
Deferred contributions - unamortized portion of capital asset grants	524,167	503,474
Severance pay accrual	<u>2,708,818</u>	<u>2,602,667</u>
	8,396,349	7,638,373
Net Assets		
Net assets invested in capital assets	872,620	186,925
Unrestricted net assets	<u>(6,599,323)</u>	<u>(3,977,934)</u>
	<u>(5,726,703)</u>	<u>(3,791,009)</u>
	<u>\$ 2,669,646</u>	<u>\$ 3,847,364</u>

On behalf of the Board



Member



Member

See accompanying notes to the financial statements.

Grant Thornton 

Western Regional Health and Community Services Board Combined Funds

Statement of Revenue and Expenditures

Year Ended March 31	2005	2004
Revenue		
Provincial Plan	\$ 38,226,147	\$ 37,511,787
Department of Health – Early Learning & Childhood Care	94,130	-
Department of Health – National Child Benefit	913,812	765,487
Department of Health – Early Childhood Development	493,832	557,705
Primary Health Care	147,799	-
MCP Physician Revenue	206,093	197,148
Department of Health – Direct Payments	233,344	199,523
Children's special Federal allowance	355,241	245,642
Interest	68,215	154,775
Other	230,390	328,958
	<u>40,969,003</u>	<u>39,961,025</u>
Expenditures		
Diagnostic & therapeutic services	1,572,430	1,634,613
Administrative services	2,561,762	2,236,311
Support services	1,012,534	989,332
Ambulatory care services	250,294	280,761
Community and social services	37,093,910	36,188,396
	<u>42,490,930</u>	<u>41,329,413</u>
Operating deficit before other items	<u>(1,521,927)</u>	<u>(1,368,388)</u>
Other items		
Amortization of capital assets	172,412	163,607
Amortization of capital asset grants	(79,715)	(119,310)
Increase in vacation pay accrual (Note 2)	164,919	202,891
Increase in severance pay accrual (Note 2)	156,151	488,680
	<u>413,767</u>	<u>735,868</u>
Deficiency of revenue over expenditures	<u>\$ (1,935,694)</u>	<u>\$ (2,104,256)</u>

See accompanying notes to the financial statements.

Grant Thornton

**Western Regional Health and Community Services Board
Combined Funds**

Statement of Changes in Net Assets

Year Ended March 31	Operating	Capital	2005 Total	2004 Total
Balance, beginning of year	\$ (3,977,934)	\$ 186,925	\$ (3,791,009)	\$ (1,686,753)
Deficiency of revenue over expenditures	(1,935,694)	-	(1,935,694)	(2,104,256)
Capital contribution from board fund	(778,392)	778,392	-	-
Amortization of Capital assets	172,412	(172,412)	-	-
Capital asset grants	(79,715)	79,715	-	-
Balance, end of year	<u>\$ (6,599,323)</u>	<u>\$ 872,620</u>	<u>\$ (5,726,703)</u>	<u>\$ (3,791,009)</u>

See accompanying notes to the financial statements.

Grant Thornton 

Western Regional Health and Community Services Board
Combined Funds
Statement of Cash Flows

Year Ended March 31

2005

2004

Cash and cash equivalents derived from (applied to)

Operations		
Deficiency of revenue over expenditures	\$ (1,935,694)	\$ (2,104,256)
Amortization of capital assets	172,412	163,607
Amortization of capital equipment grant	<u>(79,715)</u>	<u>(119,310)</u>
	<u>(1,842,997)</u>	<u>(2,059,959)</u>
Changes in		
Receivables	63,546	924,849
Prepaid expenses	76,929	(48,015)
Payroll advance	288	2,103
Payables and accruals	(287,259)	(264,273)
Deferred contributions - operating	(129,325)	299,861
Deferred contributions - capital	(75,411)	108,061
Deferred contributions - NCB	(7,737)	2,070
Deferred contributions - ELCC	94,188	-
Deferred contributions - ECD	(1,916)	10,301
Severance and vacation pay accrual	<u>321,070</u>	<u>691,570</u>
	<u>(1,788,624)</u>	<u>(333,432)</u>
Financing		
Advances from (to) Western Health Care Corporation	823,670	(614,423)
Capital grant - Province of Newfoundland	<u>100,411</u>	<u>71,939</u>
	<u>924,081</u>	<u>(542,484)</u>
Investing		
Purchases of capital assets	<u>(878,803)</u>	<u>(71,939)</u>
Net decrease in cash and cash equivalents	(1,743,346)	(947,855)
Cash and cash equivalents,		
Beginning of year	<u>1,908,474</u>	<u>2,856,329</u>
End of year	<u>\$ 165,128</u>	<u>\$ 1,908,474</u>

See accompanying notes to the financial statements.

Grant Thornton 

Western Regional Health and Community Services Board

Notes to the Financial Statements

March 31, 2005

1. Nature of operations

The Western Regional Health and Community Services Board is responsible for the delivery of health services, other than hospital services in areas of health promotion, protection, research, public health services and continuing care, mental health, addictions, rehabilitative services, child youth and family services, community youth corrections and family and rehabilitative services.

2. Summary of significant accounting policies

Use of estimates

The financial statements of the Board have been prepared within the framework of Canadian generally accepted accounting principles which requires the use of estimates and assumptions that affect the amounts reported and disclosed in these statements and related notes. Any variations between these estimates and actual amounts are not expected to materially affect reported results. The more significant accounting policies of the Board are as follows:

Basis of presentation

The Board applies fund accounting principles as follows:

The operating fund contains the assets, liabilities, revenue and expenditures of the Board related to the provision of health and community services, which are funded by the Department of Health.

The board fund contains assets which may be expended at the discretion of the Board. Its revenue consists of investment income. Expenditures of this fund consist of operating expenditures not shared by government and those approved by the Board.

Amortization

Amortization of capital assets is recorded on a declining balance basis over the estimated life of those assets.

Revenue recognition

Provincial plan revenue is recognized in the period in which entitlement arises. Revenue received for a future period is deferred until that future period and is reflected as deferred contributions - operating.

Capital contributions expended for capital assets are recorded as deferred contributions - unamortized portion of capital asset grants, and are amortized on the same basis as the assets to which it relates. Non-expended capital contributions are deferred and recorded as deferred contributions - capital.

Revenue from the provision of services is recognized at the time the goods are delivered or the services are provided.

Grant Thornton 

Western Regional Health and Community Services Board

Notes to the Financial Statements

March 31, 2005

2. Summary of significant accounting policies (cont'd)

Financial instruments

The Board's financial instruments include trade receivables and trade payables. It is management's view that the fair market value of these instruments approximate their carrying values due to their short term to maturity.

Unless otherwise stated, it is management's opinion that the Board is not exposed to significant credit, interest rate or currency risk arising from its financial instruments.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Severance and vacation pay

An accrued liability for severance and vacation pay is recorded in the accounts for all employees who have a vested right to receive such payments. Severance pay vests after nine years of service and no provision has been made for employees with less than nine years.

3. Cash and cash equivalents	2005	2004
Cash and cash equivalents consists of		
Cash on hand and balances with banks	\$ 165,128	\$ 908,474
Short term deposits	-	1,000,000
	<u>\$ 165,128</u>	<u>\$ 1,908,474</u>

4. Receivables	2005	2004
Department of Health	\$ 422,773	\$ 500,752
Other	<u>299,167</u>	<u>260,860</u>
Operating fund receivables	<u>\$ 721,940</u>	<u>\$ 761,612</u>
Board fund receivables	<u>\$ -</u>	<u>\$ 23,874</u>
Combined receivables	<u>\$ 721,940</u>	<u>\$ 785,486</u>

Grant Thornton 

Western Regional Health and Community Services Board Notes to the Financial Statements

March 31, 2005

5. Capital assets

	Leasehold Improvements	Buildings	Equipment I. T.	Equipment Other	Total
Cost, March 31/2004	\$ 232,458	\$ -	\$ 780,016	\$ 596,134	\$ 1,608,608
Additions during year	-	669,345	104,904	104,554	878,803
Disposals during year	-	-	-	-	-
Cost, March 31/2005	<u>232,458</u>	<u>669,345</u>	<u>884,920</u>	<u>700,688</u>	<u>2,487,411</u>
Amortization rate	20%	4%	20%	20%	
Acc. amort., March 31, 2004	124,485	-	405,842	387,883	918,210
Amortization expense	<u>21,595</u>	<u>13,387</u>	<u>85,325</u>	<u>52,105</u>	<u>172,412</u>
Acc. amort., March 31, 2005	<u>146,080</u>	<u>13,387</u>	<u>491,167</u>	<u>439,988</u>	<u>1,090,622</u>
Net book value, Mar 31, 2005	<u>\$ 86,378</u>	<u>\$ 655,958</u>	<u>\$ 393,753</u>	<u>\$ 260,700</u>	<u>\$ 1,396,789</u>
Net book value, Mar 31, 2004	<u>\$ 107,973</u>	<u>\$ -</u>	<u>\$ 374,174</u>	<u>\$ 208,251</u>	<u>\$ 690,398</u>

6. Subsequent events

Effective April 1, 2005, the government of Newfoundland and Labrador merged the Boards of Western Regional Health and Community Services and Western Health Care Corporation. The new entity will serve the health needs of the residents of Western Newfoundland and Labrador and will be known as Western Regional Integrated Health Authority (WRIHA). As a result of the merger, this will be the final financial statement for Western Regional Health and Community Services Board.

Also, during the current year, the owners of the Bonne Bay Health Centre went into receivership. Subsequent to year-end, WRIHA exercised its right to buy the facility by making a \$5,000,000 down-payment to the trustees in bankruptcy. This funding was provided by the Government of Newfoundland and Labrador.

Grant Thornton 

**Western Regional Health and Community Services Board
Schedule of Shareable Operating
Expenditures for Government Reporting**

Year Ended March 31	2005	2004
Administration & support		
General administration	\$ 1,431,526	\$ 1,152,314
Finance	419,691	385,549
Personnel services	332,915	328,629
Systems support	377,630	369,819
Other	<u>1,012,534</u>	<u>989,332</u>
Total administration & support	<u>3,574,296</u>	<u>3,225,643</u>
Diabetic education	<u>250,294</u>	<u>280,761</u>
Diagnostic & therapeutic services	<u>1,572,430</u>	<u>1,634,613</u>
Community & social services		
Addictions – outpatient	798,545	747,700
Addictions – inpatient	495,025	520,052
Continuing care	7,937,511	7,730,327
Health promotion	968,764	1,032,016
Health protection	3,858,479	3,929,685
Mental health	1,496,246	1,651,097
Child, youth & family services	7,484,944	7,205,933
Family & rehabilitative services	12,386,649	11,899,709
Community corrections	<u>1,593,440</u>	<u>1,467,522</u>
Total community & social services	<u>37,019,603</u>	<u>36,184,041</u>
Total shareable expenses	<u>\$ 42,416,623</u>	<u>\$ 41,325,058</u>

Grant Thornton 

**Western Regional Health and Community Services Board
Schedule of Revenue and Expenditures
for Government Reporting**

Year Ended March 31	2005	2004
Revenue	<u>\$ 40,993,277</u>	<u>\$ 39,798,838</u>
Expenditures		
Worked and benefit salaries and contributions	15,342,595	15,107,838
Benefits contribution	<u>2,850,378</u>	<u>2,944,707</u>
Total compensation	<u>18,192,973</u>	<u>18,052,545</u>
Supplies – plant operation and maintenance	427,178	330,439
Supplies – drugs	3,758	1,777
Supplies – medical and surgical	226,951	235,184
Supplies – oxygen & orthotics	267,891	243,455
Supplies – food	7,467	7,547
Supplies – other	<u>239,791</u>	<u>242,960</u>
Total supplies	<u>1,173,036</u>	<u>1,061,362</u>
Direct client costs – continuing care	6,165,819	6,083,580
Direct client costs – child, youth & family services	3,943,586	3,771,417
Direct client costs – family & rehab services	10,693,950	10,206,036
Direct client costs – community corrections	<u>210,117</u>	<u>130,096</u>
Total direct client costs	<u>21,013,472</u>	<u>20,191,129</u>
Other shareable expenses		
- Travel	592,287	670,610
- Building lease	346,848	389,908
- Other	<u>1,098,007</u>	<u>959,504</u>
Total other shareable expenses	<u>2,037,142</u>	<u>2,020,022</u>
Total expenditures	<u>42,416,623</u>	<u>41,325,058</u>
Deficit for government reporting	<u>(1,423,346)</u>	<u>(1,526,220)</u>
Non-shareable items		
Amortization expense	172,412	163,607
Accrued vacation expense – increase	164,919	202,891
Accrued severance expense – increase	156,151	488,680
Amortization of deferred capital equipment grants	<u>(79,715)</u>	<u>(119,310)</u>
	<u>413,767</u>	<u>735,868</u>
Deficit inclusive of non-shareable items	<u>\$ (1,837,113)</u>	<u>\$ (2,262,088)</u>

Grant Thornton

**Western Regional Health and Community Services Board
Schedule of Capital Transactions
for Government Reporting**

Year Ended March 31 2005 2004

Sources of funds

Provincial capital equipment grants in current year

Provincial plan funding	\$ 25,000	\$ 25,000
Telephone system	-	4,500
Network server	-	5,500
Air conditioners	-	45,000
ENG equipment	-	50,000
Stephenville Annex building upgrade	-	50,000
	<u>25,000</u>	<u>180,000</u>

Decrease in deferred capital grants

108,061 -

Board Contributions

778,392 -

Total funding

911,453 180,000

Expenditures

Equipment

Building purchase and renovations	669,345	-
Titmus Screening	12,569	3,348
Network backup system, tapes and software	16,865	-
Projectors	11,604	4,728
Laptops and external disk drives	32,173	1,815
Packeteer network	39,496	-
Network server	-	5,890
Laser printers and laminator	6,667	-
Electronystagmography system	43,509	-
Fax machines	-	3,970
Reception units	7,440	-
Air conditioners	31,605	13,867
Data file cabinets	4,144	-
Universal gym	-	1,075
Telephone system	-	5,907
Audiometers	3,386	2,284
Improvements to Annex building	-	29,055
	<u>878,803</u>	<u>71,939</u>

Funding deferred to future years

\$ 32,650 \$ 108,061

Deferred balance consists of the following:

ENG equipment	\$ 6,491	\$ 50,000
Annex building improvements	21,000	21,000
Air conditioners	-	31,000
General provincial plan	5,159	6,061
	<u>\$ 32,650</u>	<u>\$ 108,061</u>

Grant Thornton 

Western Regional Health and Community Services Board
Schedule of Accumulated Operating Surplus
for Government Reporting

Year Ended March 31, 2005

	Combined Funds		Operating Funds		Board Funds	
	2005/04	2004/03	2005/04	2004/03	2005/04	2004/03
Current assets						
Cash and cash equivalents	\$ 165,128	\$ 1,908,474	\$ 165,128	\$ 1,908,474	\$ -	\$ -
Receivables	721,940	785,486	721,940	761,612	-	23,874
Prepaid expenses	333,908	410,837	333,908	410,837	-	-
Due from operating fund	-	-	-	-	654,107	1,507,206
Total current assets	1,220,976	3,104,797	1,220,976	3,080,923	654,107	1,531,080
Payroll advance	51,881	52,169	51,881	52,169	-	-
	1,272,857	3,156,966	1,272,857	3,133,092	654,107	1,531,080
Current liabilities						
Payables and accruals	922,911	1,210,167	922,911	1,210,167	-	-
Deferred contributions						
- operating	596,310	725,635	596,310	725,635	-	-
- NCB	106,948	114,685	106,948	114,685	-	-
- ELCC	94,188	-	94,188	-	-	-
- ECD	38,236	40,152	38,236	40,152	-	-
- capital	32,650	108,061	32,650	108,061	-	-
Due to Western Health Care Corporation	1,777,076	953,406	1,777,076	953,406	-	-
Due to Board Fund	-	-	654,107	1,507,206	-	-
Total current liabilities	3,568,319	3,152,106	4,222,426	4,659,312	-	-
Accumulated operating surplus (deficit)	\$ (2,295,462)	\$ 4,860	\$ (2,949,569)	\$ (1,526,220)	\$ 654,107	\$ 1,531,080

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Western Regional Health and Community Services Board
Schedule of NCB / ELCC / ECD Funding

Year Ended March 31, 2005

Initiative	Funding		Expenses			Deferred Revenue		
	Deferred From prior year	Allocated for current year	Total Available Funding	Gross Expenses	Excess Expenses (deficit)	Net Expenses	Deferred Funding at Mar 31,05	Deferred Funding at Mar 31,04
NCB								
Child Care Services Subsidy Program	\$ -	\$ 117,500	\$ 117,500	\$ 117,500	\$ -	\$ 117,500	\$ -	\$ -
Child Care Services Consultant	-	50,000	50,000	72,106	(22,106)	50,000	-	-
Child Care Services Equipment	13,143	13,207	26,350	-	-	-	26,350	13,143
Special Child Welfare Allowance	-	10,250	10,250	10,250	-	10,250	-	-
Residential & Mental Health Services	3,300	155,952	159,252	139,749	11,304	151,143	8,109	3,300
Community Youth Network	58,629	199,389	258,018	251,015	-	251,015	7,003	58,629
Autism	-	113,944	113,944	95,580	-	95,580	18,364	-
Child Care Renovations & Resources	19,827	-	19,827	810	-	810	19,017	19,827
Other	<u>19,786</u>	<u>250,000</u>	<u>269,786</u>	<u>231,895</u>	<u>9,786</u>	<u>241,681</u>	<u>28,105</u>	<u>19,786</u>
Total NCB	\$ 114,685	\$ 910,242	\$ 1,024,927	\$ 918,905	\$ (926)	\$ 917,979	\$ 106,948	\$ 114,685

Grant Thornton

Western Regional Health and Community Services Board
Schedule of NCB / ELCC / ECD Funding

Year Ended March 31, 2005

Initiative	Funding		Expenses			Deferred Revenue		
	Deferred From prior year	Allocated for current year	Total Available Funding	Gross Expenses	Excess Expenses (deficit)	Net Expenses	Deferred Funding at Mar 31,05	Deferred Funding at Mar 31,04
ELCC								
Child Care Services Subsidy Program	\$ -	\$ 155,068	\$ 155,068	\$ 94,130	\$ -	\$ 94,130	\$ 60,938	\$ -
Early Childhood Services	-	<u>33,250</u>	<u>33,250</u>	-	-	-	<u>33,250</u>	-
Total ELCC	\$ -	<u>\$ 188,318</u>	<u>\$ 188,318</u>	<u>\$ 94,130</u>	<u>\$ -</u>	<u>\$ 94,130</u>	<u>\$ 94,188</u>	<u>\$ -</u>

Grant Thornton

Western Regional Health and Community Services Board
Schedule of NCB / ELCC / ECD Funding

Year Ended March 31, 2005

Initiative	Funding		Expenses			Deferred Revenue		
	Deferred From prior year	Allocated for current year	Total Available Funding	Gross Expense	Excess expenses (deficit)	Net Expenses	Deferred Funding at Mar 31, 05	Deferred Funding at Mar 31, 04
ECD								
Child Care Services Subsidy Program	\$ 22,963	\$ 300,000	\$ 322,963	\$ 322,963	-	\$ 322,963	-	\$ 22,963
CMS	-	55,000	55,000	59,873	\$ (8,374)	51,499	\$ 3,501	-
Early Childhood Services	12,348	126,511	138,859	105,903	9,310	115,213	23,646	12,348
Family HCC Equipment	4,841	6,248	11,089	-	-	-	11,089	4,841
Total ECD	40,152	487,759	527,911	488,739	936	489,675	38,236	40,152
Total NCB, ELCC & ECD	\$ 154,837	\$ 1,586,319	\$ 1,741,156	\$ 1,501,774	\$ 10	\$ 1,501,784	\$ 239,372	\$ 154,837

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**Western Regional Health and Community Services Board
Schedule of Community Youth
Network Funding**

Year Ended March 31 2005 2004

Health & Community Services Western:

Funding provided to Health & Community Services Western (HCSW)		
Deferred from prior year	\$ 58,629	\$ (3)
Current year's funding	<u>199,389</u>	<u>269,200</u>
Available funding	<u>258,018</u>	<u>269,197</u>
Advances to Child Youth Network (CYN)	<u>251,015</u>	<u>210,571</u>
Deferred revenue March 31	\$ <u>7,003</u>	\$ <u>58,626</u>

Community Youth Network for Southwestern Newfoundland:

Total funding to CYN for Southwestern Newfoundland by HCSW	\$ 192,386	\$ 210,571
Deferred from prior year	<u>58,629</u>	<u>72,881</u>
Available funding	<u>251,015</u>	<u>283,452</u>
Reported expenditures:	<u>230,345</u>	<u>283,452</u>
Deferred revenue March 31	<u>20,670</u>	<u>-</u>
Total deferred funding available March 31	\$ <u>27,673</u>	\$ <u>58,626</u>

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**Western Regional Health and Community Services Board
Operating Fund
Balance Sheet**

March 31 2005 2004

Assets

Current

Cash and cash equivalents (Note 3)	\$ 165,128	\$ 1,908,474
Receivables (Note 4)	721,940	761,612
Prepaid expenses	<u>333,908</u>	<u>410,837</u>
	1,220,976	3,080,923

Payroll advance	51,881	52,169
Capital assets (Note 5)	<u>1,396,789</u>	<u>690,398</u>
	<u>\$ 2,669,646</u>	<u>\$ 3,823,490</u>

Liabilities

Current

Payables and accruals	\$ 922,911	\$ 1,210,167
Deferred contributions - operating	596,310	725,635
Deferred contributions - capital	32,650	108,061
Deferred contributions - NCB	106,948	114,685
Deferred contributions - ECD	38,236	40,152
Deferred contributions - ELCC	94,188	-
Due to Western Health Care Corporation	1,777,076	953,406
Vacation pay accrual	1,445,045	1,280,126
Current portion of severance pay accrual	<u>150,000</u>	<u>100,000</u>
	5,163,364	4,532,232

Due to Board Fund, non interest bearing with no set terms of repayment	654,107	1,507,206
Deferred contributions - unamortized portion of capital asset grants	524,167	503,474
Severance pay accrual	<u>2,708,818</u>	<u>2,602,667</u>
	<u>9,050,456</u>	<u>9,145,579</u>

Net Assets

Net assets invested in capital assets	872,620	186,925
Unrestricted net assets	<u>(7,253,430)</u>	<u>(5,509,014)</u>
	<u>(6,380,810)</u>	<u>(5,322,089)</u>
	<u>\$ 2,669,646</u>	<u>\$ 3,823,490</u>

On behalf of the Board

Chenge Member Robert Pender Member

See accompanying notes to the financial statements.

Grant Thornton 

Western Regional Health and Community Services Board
Operating Fund
Statement of Revenue and Expenditures

Year Ended March 31	2005	2004
Revenue		
Provincial Plan	\$ 38,226,147	\$ 37,511,787
Department of Health – Early Learning & Childhood Care	94,130	-
Department of Health – National Child Benefit	913,812	765,487
Department of Health – Early Childhood Development	493,832	557,705
Primary Health Care	147,799	-
MCP Physician Revenue	208,093	197,148
Department of Health – Direct Payments	233,344	199,523
Children's Special Federal Allowance	355,241	245,642
Contribution from board fund	115,989	17,588
Other	206,890	303,958
	<u>40,993,277</u>	<u>39,798,838</u>
Expenditures		
Diagnostic & therapeutic services	1,572,430	1,634,613
Administrative services	2,561,762	2,236,311
Support services	1,012,534	989,332
Ambulatory care services	250,294	280,761
Community and social services	37,019,603	36,184,041
	<u>42,416,623</u>	<u>41,325,058</u>
Operating deficit before other items	<u>(1,423,346)</u>	<u>(1,526,220)</u>
Other items		
Amortization of capital assets	172,412	163,607
Amortization of capital asset grants	(79,715)	(119,310)
Increase in vacation pay accrual (Note 2)	164,919	202,891
Increase in severance pay accrual (Note 2)	156,151	488,680
	<u>413,767</u>	<u>735,868</u>
Deficiency of revenue over expenditures	<u>\$ (1,837,113)</u>	<u>\$ (2,262,088)</u>

See accompanying notes to the financial statements.

Grant Thornton 

**Western Regional Health and Community Services Board
Operating Fund**

Statement of Changes in Net Assets

Year Ended March 31	Operating	Capital	2005 Total	2004 Total
Balance, beginning of year	\$ (5,509,014)	\$ 186,925	\$ (5,322,089)	\$ (3,991,355)
Deficiency of revenue over expenditures	(1,837,113)	-	(1,837,113)	(2,262,088)
Capital contribution from board fund	-	778,392	778,392	-
Allocation of accumulated operating fund deficit to board fund	-	-	-	931,354
Amortization of				
Capital assets	172,412	(172,412)	-	-
Capital asset grants	(79,715)	79,715	-	-
Balance, end of year	\$ (7,253,430)	\$ 872,620	\$ (6,380,810)	\$ (5,322,089)

See accompanying notes to the financial statements.

Grant Thornton 

Western Regional Health and Community Services Board
Operating Fund
Statement of Cash Flows

Year Ended March 31	2005	2004
Cash and cash equivalents derived from (applied to)		
Operations		
Deficiency of revenue over expenditures	\$ (1,837,113)	\$ (2,262,088)
Amortization of capital assets	172,412	163,607
Amortization of capital asset grants	(79,715)	(119,310)
Transfer of accumulated operating deficit to board fund	-	931,354
	<u>(1,744,416)</u>	<u>(1,286,437)</u>
Changes in		
Receivables	39,672	948,723
Prepaid expenses	76,929	(48,015)
Payroll advance	288	2,103
Payables and accruals	(287,259)	(264,273)
Deferred contributions - operating	(129,325)	299,861
Deferred contributions - capital	(75,411)	108,061
Deferred contributions - NCB	(7,737)	2,070
Deferred contributions - ELCC	94,188	-
Deferred contributions - ECD	(1,916)	10,301
Severance and vacation pay accrual	321,070	691,570
	<u>(1,713,917)</u>	<u>463,964</u>
Financing		
Changes in due to board fund	(853,099)	(797,396)
Advances from (to) Western Health Care Corporation	823,670	(614,423)
Capital grant - Province of Newfoundland	100,411	71,939
Capital contribution from board fund	778,392	-
	<u>849,374</u>	<u>(1,339,880)</u>
Investing		
Purchases of capital assets	(878,803)	(71,939)
Net decrease in cash and cash equivalents	(1,743,346)	(947,855)
Cash and cash equivalents,		
Beginning of year	<u>1,908,474</u>	<u>2,856,329</u>
End of year	<u>\$ 165,128</u>	<u>\$ 1,908,474</u>

See accompanying notes to the financial statements.

Grant Thornton 

**WORKPLACE HEALTH, SAFETY AND COMPENSATION COMMISSION
FINANCIAL STATEMENTS**

December 31, 2004

Auditors' Report

To the Board of Directors of the
Workplace Health, Safety and Compensation
Commission of Newfoundland and Labrador

We have audited the statement of financial position of the Workplace Health, Safety and Compensation Commission of Newfoundland and Labrador as at December 31, 2004 and the statements of operations, unfunded liability, comprehensive income and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

St. John's, Newfoundland and Labrador
March 4, 2005


Deloitte & Touche LLP
Chartered Accountants

Annual Report

Statement of Financial Position

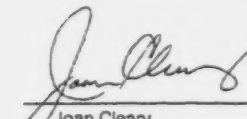
As at December 31

(dollars in thousands)	2004	2003
Assets		
Cash and cash equivalents (Note 4)	\$ 5,774	\$ 25,141
Receivables (Note 5)	15,662	14,398
Investments (Note 6)	572,804	440,793
Capital assets (Note 8)	9,599	9,942
	\$ 603,839	\$ 490,274
Liabilities and Net Fund Deficiency		
Payables and accruals	\$ 11,485	\$ 9,597
Benefit liabilities (Note 9)	648,417	650,794
Total liabilities	659,902	660,391
Reserves (Note 11)	971	973
Accumulated other comprehensive income (Note 12)	57,721	-
Unfunded liability	(114,755)	(171,090)
Net fund deficiency	(56,063)	(170,117)
	\$ 603,839	\$ 490,274

Commitments (Note 21)

Contingencies (Note 22)

On behalf of the Commission


Joan Cleary
Board Chairperson


Darren Roberts
Director

The accompanying notes are an integral part of the financial statements.

Statement of Operations

Years ended December 31

(dollars in thousands)	2004	2003
Revenue		
Assessments	\$ 166,965	\$ 155,150
Investment income (Note 6)	17,733	22,623
	<u>184,698</u>	<u>177,773</u>
Expenses		
Claims costs incurred		
Short-term disability	27,760	31,890
Long-term disability	56,356	61,980
Survivor benefits	5,121	5,581
Health care	40,464	36,998
Rehabilitation	1,329	1,692
	<u>131,030</u>	<u>138,141</u>
Administration (Note 14)	21,383	21,183
Legislated obligations (Note 15)	6,177	5,589
Amortization	2,577	2,421
Other (Note 16)	1,162	952
	<u>162,329</u>	<u>168,286</u>
Surplus from operations	22,369	9,487
Actuarial adjustments (Note 9)	28,435	(1,997)
Surplus for the year	<u>\$ 50,804</u>	<u>\$ 7,490</u>

The accompanying notes are an integral part of the financial statements.

Annual Report

Statement of Financial Position

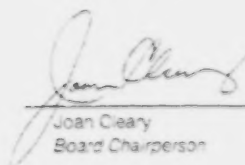
As at December 31

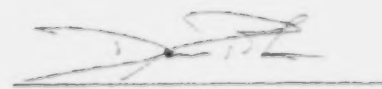
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Actuarial adjustments (Note 9)	28,435	(1,997)
Surplus for the year	\$ 50,804	\$ 7,490

The accompanying notes are an integral part of the financial statements.

Annual Report

Statement of Unfunded Liability

Years ended December 31

(dollars in thousands)	2004	2003
Unfunded liability, beginning of year	\$ (171,090)	\$ (178,580)
Change in accounting policy (Note 2)	5,531	-
	(165,559)	(178,580)
Surplus for the year	50,804	7,490
Unfunded liability, end of year	\$ (114,755)	\$ (171,090)

The accompanying notes are an integral part of the financial statements.

Statement of Comprehensive Income

Year ended December 31

(dollars in thousands)	2004
Surplus for the year	\$ 50,804
Other comprehensive income:	
Unrealized gains on available-for-sale investments	27,815
Realized gains on available-for-sale investments included in surplus from operations	(5,630)
Amortization of reversal of investment gains (Notes 2 and 12)	1,796
Net change in other comprehensive income for the year	23,981
Comprehensive income	\$ 74,785

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flows

Years ended December 31

(dollars in thousands)	2004	2003
Cash flow from operating activities		
Cash received from:		
Employers, for assessments	\$ 155,701	\$ 154,741
Investment income	9,617	10,430
	<u>175,318</u>	<u>165,171</u>
Cash paid to:		
Claimants or third parties on their behalf	(104,972)	(110,169)
Suppliers and employees, for administrative and other goods and services	(27,085)	(26,590)
Third party, from reserve fund	(2)	(27)
	<u>(132,059)</u>	<u>(136,786)</u>
Net cash provided from operating activities	<u>43,259</u>	<u>28,385</u>
Cash flow from investing activities		
Purchase of investments	(60,392)	(25,629)
Purchase of capital assets	(2,234)	(2,639)
	<u>(62,626)</u>	<u>(28,268)</u>
Net cash used for investing activities	<u>(62,626)</u>	<u>(28,268)</u>
Net (decrease) increase in cash and cash equivalents	<u>(19,367)</u>	<u>117</u>
Cash and cash equivalents		
Beginning of year	<u>25,141</u>	<u>25,024</u>
End of year	<u>\$ 5,774</u>	<u>\$ 25,141</u>

The accompanying notes are an integral part of the financial statements.

Annual Report

Statement of Unfunded Liability

Years ended December 31

(dollars in thousands)	2004	2003
Unfunded liability, beginning of year	\$ (171,090)	\$ (178,580)
Change in accounting policy (Note 2)	5,531	-
	(165,559)	(178,580)
Surplus for the year	50,804	7,490
Unfunded liability, end of year	\$ (114,755)	\$ (171,090)

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Statement of Comprehensive Income

Year ended December 31

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Other comprehensive income:	
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Cash and cash equivalents		
Beginning of year	<u>25,141</u>	<u>25,024</u>
End of year	<u>\$ 5,774</u>	<u>\$ 25,141</u>

The accompanying notes are an integral part of the financial statements.

Annual Report

Notes to Financial Statements

Years ended December 31, 2004 and 2003

1. Nature of operations

The Workplace Health, Safety and Compensation Commission (the Commission) was established by the Newfoundland Legislature in 1951, under the *Workplace Health, Safety and Compensation Act (the Act)*, as amended. The Commission is responsible for, in accordance with the provisions of the Act, preventing and reducing the occurrence of workplace injuries and diseases through the promotion of health and safety in workplaces; the establishment of occupational health and safety certification standards and certification of trainers; facilitating the claims management process and administering the payment of benefits to injured workers and dependents of fatally injured workers; levying and collecting assessment revenues from established classes of employers in amounts sufficient to cover the current and future costs of existing claims; and investing funds, following investment policies which are approved by the Commission within guidelines established under the *Insurance Companies Act* (Canada). An independent Workplace Health, Safety and Compensation Review Division is established under the Act to make rulings on any appeals pertaining to the Commission's assessment or benefit decisions. The Commission does not receive government funding or other assistance.

The Commission administers the Act for two groups of employers, referred to as assessment-based employers and self-insured employers. Assessment-based employers are insured through 'collective liability' and are required to contribute to the Commission's Insurance Fund, whereas self-insured employers are individually liable. The Commission pays the actual cost of claims for self-insured employers and bills them on a monthly basis for payments related to short-term disability, health care, rehabilitation, extended earnings loss, permanent functional impairment awards and survivor benefits, together with their proportionate share of administration costs.

2. Change in accounting policy

Effective January 1, 2004, the Commission adopted, prospectively, the Canadian Institute of Chartered Accountants new accounting standard for Financial Instruments which requires that investments be recorded at fair value.

Previously, fixed term investments were recorded at amortized cost and equity investments were recorded at moving average market value. Unrealized gains and losses occurring during the year, together with realized gains and losses on the disposal of investments, were deferred and amortized on a straight-line basis over a five-year period.

Under the new standard all investments are required to be carried at fair value and realized gains and losses on the disposal of investments are recognized as investment income in the year in which they occur. Unrealized gains and losses are recorded as a component of other comprehensive income until realized.

Notes to Financial Statements

Years ended December 31, 2004 and 2003

At January 1, 2004 investments had a fair value of \$480.0 million and a cost basis of \$439.1 million. As a result of adopting the new standard, the \$40.9 million excess of fair value over cost has been recorded as an adjustment to the opening balance of accumulated other comprehensive income. In addition, the balance of previously recognized unrealized investment gains of \$7.2 million has been charged to the opening balance of accumulated other comprehensive income in accordance with the transitional provisions of the Financial Instruments accounting standard and will be amortized over a period of four years. The \$5.5 million of previously deferred realized investments gains have been applied to the opening unfunded liability.

3. Significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The Commission's significant accounting policies are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments in money market instruments which will be liquidated in the near term.

(b) Assessments revenue

At the beginning of each year, an assessment is levied on employers by applying their industry assessment rate to their estimated payrolls. The assessment levy is payable by installments within the current year. At year-end, assessment income is adjusted based on a review of the employers' actual payrolls.

(c) Assessments receivable

Due to varying economic conditions, actual employers' payrolls may differ from original estimates. Therefore, at year-end, a provision for accrued assessments is recorded based on historical assessment information.

(d) Investments

Investments are designated as available-for-sale and are recorded at fair value. The Commission applies settlement date accounting for investments. Gains and losses realized on the disposal of investments are recorded in operating surplus in the year. Unrealized gains and losses are recorded in other comprehensive income until realized. Interest and dividend income are recognized in the period earned.

Annual Report

Notes to Financial Statements

Years ended December 31, 2004 and 2003

(e) Capital assets

Capital assets are reported at cost and are amortized monthly on a straight-line basis over their estimated useful lives. The periods used are as follows:

Building	40 years
Furniture and equipment	10 years
Computer equipment	1 to 5 years
Systems development	1 to 5 years
Equipment under capital lease	2 to 5 years

(f) Benefit liabilities

The benefit liabilities represent the actuarial present value of all future benefit payments expected to be made for injuries which occurred in the current fiscal year or in any prior year. The benefit liabilities include provision for all benefits provided by current legislation, policies and/or business practices in respect of existing claims. No provision has been made for future claims related to latent occupational disease, because they cannot be reasonably estimated, nor for future processing expenses of existing claims.

The benefit liabilities were determined using accepted actuarial practices in accordance with the standards established by the Canadian Institute of Actuaries.

Benefit liabilities related to self-insured employers will be the responsibility of those employers when paid in future years. Accordingly, these benefit liabilities have not been determined by actuarial valuation and thus are not included in the Commission's benefit liabilities.

(g) Reserves

In accordance with Section 20.5 (1) of the Act, the Commission maintains a special reserve fund for the purpose of health and safety research. The Act permits the Commission to allocate up to a maximum of 2% of its total assessment and investment income in each calendar year to establish and maintain this special fund.

In accordance with Section 116 (1) of the Act, the Commission may, at its discretion, establish reserves for the following:

- to meet an increase in the capitalization of compensation payments payable in future years where the increase cannot be provided without placing an undue burden on the employers in an industrial classification;
- to meet the loss arising from a disaster or other circumstances which would unfairly burden the employers in an industrial classification; or
- subject to the approval of the Lieutenant-Governor in Council, to meet the costs of particular needs of the Commission that it considers necessary.

Notes to Financial Statements

Years ended December 31, 2004 and 2003

(h) Use of accounting estimates

1) Benefit liabilities

An actuarial valuation of the benefit liabilities is prepared by an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate. The Commission believes that the amount provided for benefit liabilities as at December 31, 2004, is adequate, recognizing that actuarial assumptions as disclosed in Note 10 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

2) Assessments revenue

Accounts receivable at year-end include an estimate of annual premium revenues for the year that have not yet been received from employers. The recorded amounts are based upon management's best information and judgment, having regard to actual experience in preceding years. However, until all employers actually submit their final annual payroll information to the Commission, the recorded assessments revenues for the year and the estimated amounts receivable at year-end are subject to measurement uncertainty.

(i) Financial instruments

The Commission's financial instruments consist of cash and cash equivalents, receivables, investments and accounts payable and accruals. The carrying value of financial instruments, with the exception of investments, approximate their fair values due to their immediate or short-term maturity and normal credit terms. The fair value of investments is based on quoted market prices.

4. Cash and cash equivalents

(dollars in thousands)	2004	2003
Money market instruments	\$ 3,965	\$ 22,996
Bank balances	1,609	2,145
	\$ 5,574	\$ 25,141

The Commission has established an operating line of credit with its banker in the amount of \$20,000,000. Advances on the line of credit bear interest at the bank's prime interest rate minus 1.8%. The credit facility is unsecured and was not utilized during 2004.

Annual Report

Notes to Financial Statements

Years ended December 31, 2004 and 2003

(h) Use of accounting estimates

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An actuarial valuation of the benefit liabilities is prepared by an independent firm of consulting actuaries who have rendered their opinion that the valuation was prepared in accordance with accepted actuarial practice, and that the actuarial assumptions are appropriate. The Commission believes that the amount provided for benefit liabilities as at December 31, 2004, is adequate, recognizing that actuarial assumptions as disclosed in Note 10 may change over time to reflect underlying economic trends. When they do, it is possible to cause a material change in the actuarial present value of the future payments.

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4. Cash and cash equivalents

(dollars in thousands)	2004	2003
Money market instruments	\$ 3,965	\$ 22,996
Bank balances	1,809	2,145
	\$ 5,774	\$ 25,141

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Annual Report

Notes to Financial Statements

Years ended December 31, 2004 and 2003

5. Receivables

(dollars in thousands)	2004	2003
Assessments	\$ 7,144	\$ 4,841
Accrued assessments	7,000	7,000
Other	1,518	2,557
	\$ 15,662	\$ 14,398

6. Investments

(dollars in thousands)	2004		2003		Carrying Value
	Fair Value	Cost	Fair Value	Cost	
Fixed term	\$ 183,205	\$ 177,150	\$ 170,193	\$ 155,688	\$ 164,462
Equities	386,954	329,899	307,963	281,456	279,954
Accrued interest	2,645	2,645	1,908	1,908	1,908
	572,804	509,694	480,064	439,052	446,324
Deferred investment gains	-	-	-	-	(5,531)
	\$ 572,804	\$ 509,694	\$ 480,064	\$ 439,052	\$ 440,793

Investment income is comprised of the following:

(dollars in thousands)	2004	2003
Interest and dividends	\$ 13,288	\$ 12,964
Realized investment gains	8,116	-
Amortization of deferred realized investment gains	-	6,181
Amortization of deferred unrealized investment gains	-	5,319
Reversal of recognized unrealized investment gains (Note 2)	(1,796)	-
Amortization of premium on fixed term investments	-	(274)
	19,608	24,190
Less: Portfolio management expenses	(1,875)	(1,567)
Total investment income	\$ 17,733	\$ 22,623

Notes to Financial Statements

Years ended December 31, 2004 and 2003

5. Receivables

(dollars in thousands)	2004	2003
Assessments	\$ 7,144	\$ 4,841
Accrued assessments	7,000	7,000
Other	1,518	2,557
	<u>\$ 15,662</u>	<u>\$ 14,398</u>

6. Investments

(dollars in thousands)	2004		2003		
	Fair Value	Cost	Fair Value	Cost	Carrying Value
Fixed term	\$ 183,206	\$ 177,150	\$ 170,193	\$ 155,688	\$ 164,462
Equities	386,954	329,899	307,963	281,456	279,954
Accrued interest	2,645	2,645	1,908	1,908	1,908
	<u>572,804</u>	<u>509,694</u>	<u>480,064</u>	<u>439,052</u>	<u>446,324</u>
Deferred investment gains					(5,531)
	<u>\$ 572,804</u>	<u>\$ 509,694</u>	<u>\$ 480,064</u>	<u>\$ 439,052</u>	<u>\$ 440,793</u>

Investment income is comprised of the following:

(dollars in thousands)	2004	2003
Interest and dividends	\$ 13,286	\$ 12,964
Realized investment gains	6,156	-
Amortization of deferred realized investment gains	-	6,181
Amortization of deferred unrealized investment gains	-	5,319
Reversal of recognized unrealized investment gains (Note 2)	(1,790)	-
Amortization of premium on fixed term investments	-	(274)
	<u>18,652</u>	<u>24,190</u>
Less: Portfolio management expenses	(1,875)	(1,567)
Total investment income	<u>\$ 16,777</u>	<u>\$ 22,623</u>

Notes to Financial Statements

Years ended December 31, 2004 and 2003

The Commission's asset mix policy for 2004 and 2003 is presented below:

	Asset Mix	Tolerance Range
Bonds Canadian	35%	±5%
Equities Canadian	35%	±5%
Equities United States	15%	±3%
Equities Europe, Asia and Far East (EAFE)	15%	±3%

7. Financial instruments

(a) Market risk management

The Commission invests in publicly and privately traded equities and bonds available on domestic and foreign exchanges. These securities are affected by market changes and fluctuations. The Commission does not use derivative financial instruments for trading purposes.

(b) Credit risk management

Credit exposure on fixed income securities arises from the possibility that the issuer of an instrument fails to meet its obligation to make interest payments and repay principal. Of the fixed income assets in the investment portfolio, 97.8% (2003; 95.3%) have at least an 'A' credit rating. The Commission does not anticipate that any issuers will fail to meet their obligations.

The Commission may invest in short-term commercial debt or paper rated R1 or higher. Provincial short-term debt and debt of agencies guaranteed by the provinces may be rated lower than R1. The short-term portfolio investments held with any one corporate issuer is limited to 10%, at any given time, of the Commission's estimated annual cash receipts.

(c) Foreign exchange risk management

The Commission has certain investments denominated in foreign currencies. The Commission does not undertake hedging strategies for the currency risk of foreign investments and currency fluctuations influenced by short-term returns. These fluctuations are not expected to affect the long-term position of the investment portfolio. As at December 31, 2004, the Commission's holdings in foreign equities and pooled equity funds had a market value of \$185.8 million (2003; \$136.2 million) representing 32.5% (2003; 28.4%) of the market value of the total investment portfolio.

Notes to Financial Statements

Years ended December 31, 2004 and 2003

(d) Interest rate risk management

Fluctuations in interest rates are managed by actively controlling the duration of the fixed income portfolio. The table below represents the remaining term to maturity of the Commission's fixed term investments.

Fair Value (2003; Carrying Value) (dollars in thousands)	Remaining Term to Maturity				Total 2003
	Within 1 Year	1 Year to 5 Years	Over 5 Years	Total 2004	
Fixed term investments	\$ 11,655	\$ 63,014	\$ 108,536	\$ 183,205	\$ 164,462

8. Capital assets

(dollars in thousands)	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 11	\$ -	\$ 11	\$ 11
Building	7,601	4,180	3,421	3,689
Furniture and equipment	2,592	1,957	635	776
Computer equipment	7,295	5,774	1,521	1,791
Systems development	12,146	8,152	3,994	3,642
Equipment under capital lease	17	17	0	33
	\$129,662	\$ 20,063	\$ 9,599	\$ 9,942

Included in system development costs for 2004 is \$1,490,229 (2003; \$1,220,500) related to business improvement projects.

9. Benefit liabilities and claims costs

An independent consulting actuary completes a valuation of benefit liabilities of the Commission on a periodic basis, not to exceed two years. Such a valuation was performed as at December 31, 2004.

Notes to Financial Statements

Years ended December 31, 2004 and 2003

An analysis of the components of, and changes in, benefit liabilities is as follows:

(dollars in thousands)	2004					2003
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabilitation	Total
Balance, Beginning of year	\$ 54,174	\$ 416,289	\$ 55,197	\$ 120,713	\$ 4,421	\$ 650,794
Add:						
Claims costs incurred:						
Current year injuries	23,630	24,767	878	30,648	1,065	81,198
Prior years' injuries	3,940	31,568	4,243	9,816	264	49,839
	27,570	56,335	5,121	40,464	1,329	131,829
Deduct:						
Claims payments:						
Current year injuries	8,323	564	174	7,069	5	16,135
Prior years' injuries	17,500	37,872	6,536	25,332	1,907	89,252
	25,823	38,436	6,710	32,401	1,912	104,982
Balance before actuarial adjustments	56,111	434,209	53,608	128,778	4,148	676,962
Actuarial adjustments	(7,989)	(28,115)	992	6,919	(342)	(29,455)
Balance, end of year	\$ 48,122	\$ 406,094	\$ 54,600	\$ 135,697	\$ 3,806	\$ 650,794

10. Actuarial assumptions

The benefit liabilities are based on projections of future benefit payments which reflect long-term estimates of economic and actuarial assumptions and methods, modified for current trends. As these assumptions may change over time, it is possible that such changes could cause a material change in the actuarial present value of future benefit liabilities.

Notes to Financial Statements

Years ended December 31, 2004 and 2003

(d) Interest rate risk management

Fluctuations in interest rates are managed by actively controlling the duration of the fixed income portfolio. The table below represents the remaining term to maturity of the Commission's fixed term investments.

Fair Value (2003: Carrying Value) (dollars in thousands)	Remaining Term to Maturity			Total 2004	Total 2003
	Within 1 Year	1 Year to 5 Years	Over 5 Years		
Fixed term investments	\$ 11,655	\$ 63,014	\$ 108,536	\$ 183,205	\$ 164,462

8. Capital assets

(dollars in thousands)	2004			2003
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 11	\$ -	\$ 11	\$ 11
Building	7,501	4,180	3,421	3,689
Furniture and equipment	2,592	1,957	635	776
Computer equipment	7,295	5,774	1,521	1,791
Systems development	12,146	8,152	3,994	3,642
Equipment under capital lease	17	-	17	33
	\$ 29,662	\$ 20,063	\$ 9,599	\$ 9,942

Included in system development costs for 2004 is \$1,490,229 (2003: \$1,220,500) related to business improvement projects.

9. Benefit liabilities and claims costs

An independent consulting actuary completes a valuation of benefit liabilities of the Commission on a periodic basis, not to exceed two years. Such a valuation was performed as at December 31, 2004.

Notes to Financial Statements

Years ended December 31, 2004 and 2003

An analysis of the components of, and changes in, benefit liabilities is as follows:

(dollars in thousands)	2004					2003	
	Short-Term Disability	Long-Term Disability	Survivor Benefits	Health Care	Rehabili- tation	Total	Total
Balance, Beginning of year	\$ 54,174	\$ 416,289	\$ 55,197	\$ 120,713	\$ 4,421	\$ 650,794	\$ 620,825
Add:							
Claims costs incurred							
Current year injuries	23,820	24,787	878	30,548	1,065	81,198	90,556
Prior years' injuries	3,940	31,559	4,243	9,816	264	49,832	47,585
	27,760	56,356	5,121	40,464	1,329	131,030	138,141
Deduct:							
Claims payments							
Current year injuries	8,323	564	174	7,069	5	16,135	16,215
Prior years' injuries	17,500	37,872	6,536	25,332	1,597	88,837	93,954
	25,823	38,436	6,710	32,401	1,602	104,972	110,169
Balance before actuarial adjustments	56,111	434,209	53,608	128,776	4,148	676,852	648,797
Actuarial adjustments	(7,989)	(28,115)	992	6,919	(242)	(28,435)	1,997
Balance, end of year	\$ 48,122	\$ 406,094	\$ 54,600	\$ 135,695	\$ 3,906	\$ 648,417	\$ 650,794

10. Actuarial assumptions

The benefit liabilities are based on projections of future benefit payments which reflect long-term estimates of economic and actuarial assumptions and methods, modified for current trends. As these assumptions may change over time, it is possible that such changes could cause a material change in the actuarial present value of future benefit liabilities.

Notes to Financial Statements

Years ended December 31, 2004 and 2003

The table below lists the principal economic assumptions used.

	2004		2003	
	CPI-Indexed Awards	Other Payments	CPI-Indexed Awards	Other Payments
Gross rate of return	7.12%	7.12%	7.12%	7.12%
Inflation Year 1	3.22%	3.50%	3.40%	3.50%
Inflation rate future years	3.50%	3.50%	3.50%	3.50%
Net rate of return Year 1	5.31%	3.50%	3.60%	3.50%
Net rate of return future years	3.50%	3.50%	3.50%	3.50%

11. Reserves

As provided by legislation, the Commission maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2004, \$2,000 (2003: \$27,000) was issued from the reserve.

12. Change in accumulated other comprehensive income

In accordance with its accounting policy on investments the Commission records unrealized gains and losses in accumulated other comprehensive income. The changes in accumulated other comprehensive income in the year are as follows:

(dollars in thousands)	2004
Balance, beginning of year	1
Change in accounting policy (Note 2)	
Excess of fair value over cost	40,923
Reversal of recognized unrealized investment gains	(7,185)
	33,740
Net change in other comprehensive income for the year	23,961
Balance, end of year	\$ 57,721

Notes to Financial Statements

Years ended December 31, 2004 and 2003

13. Change in unfunded liability

(dollars in thousands)	2004	2003
Unfunded liability, beginning of year	\$ (171,090)	\$ (178,580)
Favourable revenue variance	28,100	28,100
Interest on unfunded liability	(12,700)	(12,700)
Investment income variance	(5,800)	(5,800)
Liability adjustments for prior years' claims	28,435	(1,997)
Change in accounting policy (Note 2)	5,531	-
Other	(231)	(113)
Unfunded liability, end of year	\$ (114,755)	\$ (171,090)

14. Administration expenses

(dollars in thousands)	2004	2003
Salaries and employee benefits	\$ 17,270	\$ 17,003
Office and communications	2,154	2,235
Building operations	802	597
Travel and vehicle operating	619	674
Professional fees	738	674
	\$ 21,283	\$ 21,183

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Notes to Financial Statements

Years ended December 31, 2004 and 2003

The table below lists the principal economic assumptions used.

	2004		2003	
	CPI-Indexed Awards	Other Payments	CPI-Indexed Awards	Other Payments
Gross rate of return	7.12%	7.12%	7.12%	7.12%
Inflation Year 1	1.72%	3.50%	3.40%	3.50%
Inflation rate future years	3.50%	3.50%	3.50%	3.50%
Net rate of return Year 1	5.31%	3.50%	3.60%	3.50%
Net rate of return future years	3.50%	3.50%	3.50%	3.50%

11. Reserves

As provided by legislation, the Commission maintains a reserve for funding studies, projects and research relating to the enhancement of occupational health and safety in the workplace. During 2004, \$2,000 (2003; \$27,000) was issued from the reserve.

12. Change in accumulated other comprehensive income

In accordance with its accounting policy on investments the Commission records unrealized gains and losses in accumulated other comprehensive income. The changes in accumulated other comprehensive income in the year are as follows:

(dollars in thousands)	2004
Balance, beginning of year	\$ -
Change in accounting policy (Note 2)	
Excess of fair value over cost	40,925
Reversal of recognized unrealized investment gains	(7,185)
	33,740
Net change in other comprehensive income for the year	23,981
Balance, end of year	\$ 57,721

Notes to Financial Statements

Years ended December 31, 2004 and 2003

13. Change in unfunded liability

(dollars in thousands)	2004	2003
Unfunded liability, beginning of year	\$ (171,090)	\$ (178,580)
Favourable revenue variance	48,300	28,100
Interest on unfunded liability	(12,200)	(12,700)
Investment income variance	(13,500)	(5,800)
Liability adjustments for prior years' claims	28,435	(1,997)
Change in accounting policy (Note 2)	5,531	-
Other	(231)	(113)
Unfunded liability, end of year	\$ (114,755)	\$ (171,090)

14. Administration expenses

(dollars in thousands)	2004	2003
Salaries and employee benefits	\$ 17,270	\$ 17,003
Office and communications	2,154	2,235
Building operations	602	597
Travel and vehicle operating	619	674
Professional fees	738	674
	\$ 21,383	\$ 21,183

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Notes to Financial Statements

Years ended December 31, 2004 and 2003

15. Legislated obligations

The Commission is required by legislation to reimburse the provincial government for a portion of the operating costs of the Department of Government Services, the Department of Human Resources, Labour and Employment and the Labour Relations Agency in delivering their occupational health and safety mandate and all of the costs of the Workplace Health, Safety and Compensation Review Division. The Commission is also required to fund the operating costs of the employer and worker advisor positions. Total expenses incurred by the Commission for legislated obligations are detailed below:

(dollars in thousands)	2004	2003
Government Departments and Labour Relations Agency	\$ 4,893	\$ 4,527
Workplace Health, Safety and Compensation Review Division	664	662
Employer and Worker Advisors	400	400
	<u>\$ 6,177</u>	<u>\$ 5,589</u>

16. Other expenses

(dollars in thousands)	2004	2003
External training initiatives	\$ 571	\$ 388
Business improvement projects	491	564
	<u>\$ 1,162</u>	<u>\$ 952</u>

External training represents funding provided to the Newfoundland and Labrador Federation of Labor and the Newfoundland and Labrador Construction Safety Association (NLCSA) for return-to-work training programs. The agreements with both organizations ended December 31, 2004. A new two-year agreement with the Newfoundland and Labrador Federation of Labor expires December 31, 2006.

17. Related party transactions

These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and crown corporations with which the Commission may be considered related. The provincial government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements and are settled under normal trade terms.

Notes to Financial Statements

Years ended December 31, 2004 and 2003

18. Industry levy

The Commission has levied a surcharge of \$0.10 per \$100 of payroll on employers in the construction sector to fund a portion of the operating costs of safety and health training programs conducted by the Newfoundland and Labrador Construction Safety Association. The amounts collected on behalf of the Association totaled \$368,000 in 2004 (2003; \$297,000) and are not included in the Statement of Operations.

19. Self-insured employers

These financial statements include the effects of transactions carried out for self-insured employers, principally federal and provincial government bodies, who directly bear the costs of their own incurred claims and a share of administration costs. Aggregate amounts of such assessment revenue and offsetting expenses included in the Statement of Operations are as follows:

(dollars in thousands)	2004	2003
Assessments revenue	\$ 7,958	\$ 8,519
Claims costs incurred:		
Short-term disability	779	521
Long-term disability	3,054	3,319
Survivor benefits	487	476
Health care	2,554	2,703
Administration charges	1,104	1,500
	\$ 7,958	\$ 8,519

20. Pension costs

All permanent employees of the Commission are covered by the Public Service Superannuation Plan administered by the Province of Newfoundland and Labrador. Contributions to the plan are required from both the employees and the Commission. The annual contributions of \$1,080,000 (2003; \$1,045,000) for pensions are recognized in the accounts on a current basis.

21. Commitments

The Commission has committed to lease payments for office premises and equipment as follows:

(dollars in thousands)	Capital	Operating	Total
2005	\$ 10	\$ 146	\$ 156
2006	10	146	156
2007	-	146	146
2008	-	142	142

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Notes to Financial Statements

Years ended December 31, 2004 and 2003

15. Legislated obligations

The Commission is required by legislation to reimburse the provincial government for a portion of the operating costs of the Department of Government Services, the Department of Human Resources, Labour and Employment and the Labour Relations Agency in delivering their occupational health and safety mandate and all of the costs of the Workplace Health, Safety and Compensation Review Division. The Commission is also required to fund the operating costs of the employer and worker advisor positions. Total expenses incurred by the Commission for legislated obligations are detailed below:

(dollars in thousands)	2004	2003
Government Departments and Labour Relations Agency	\$ 4,893	\$ 4,527
Workplace Health, Safety and Compensation Review Division	884	662
Employer and Worker Advisors	400	400
	\$ 6,177	\$ 5,589

16. Other expenses

(dollars in thousands)	2004	2003
External training initiatives	\$ 671	\$ 388
Business improvement projects	491	564
	\$ 1,162	\$ 952

External training represents funding provided to the Newfoundland and Labrador Federation of Labor and the Newfoundland and Labrador Construction Safety Association (NLCSA) for return-to-work training programs. The agreements with both organizations ended December 31, 2004. A new two-year agreement with the Newfoundland and Labrador Federation of Labor expires December 31, 2006.

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These financial statements include amounts resulting from normal operating transactions with various provincial government departments, agencies, and crown corporations with which the Commission may be considered related. The provincial government is also a self-insured employer, and account balances resulting from these transactions are included in the financial statements and are settled under normal trade terms.

Notes to Financial Statements

Years ended December 31, 2004 and 2003

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(dollars in thousands)	2004	2003
Assessments revenue	\$ 7,958	\$ 8,519
Claims costs incurred:		
Short-term disability	779	521
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Health care	2,554	2,703
Administration charges	1,104	1,500
	\$ 7,958	\$ 8,519

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The Commission has committed to lease payments for office premises and equipment as follows:

(dollars in thousands)	Capital	Operating	Total
2005	\$ 10	\$ 146	\$ 156
2006	10	146	156
2007	-	146	146
2008	-	142	142

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Notes to Financial Statements

Years ended December 31, 2004 and 2003

22. Contingencies

- (a) The Commission may be liable for the future costs of claims relating to certain latent occupational diseases which may have occurred in the current year or previously, but which may not be recognized and reported for a number of years due to the extended latency period of such diseases. Because of the absence of reliable evidence and data pertaining to these matters, the liabilities cannot be reasonably estimated and have not been recorded in these financial statements.
- (b) The legislative amendments to the Act on May 24, 2001 provided for payments to surviving dependent spouses whose benefits were terminated on or after April 17, 1985. In July, 2001, three complaints were filed by dependent spouses who remarried before April 17, 1985 against the Commission and the Department of Human Resources, Labour and Employment to the Human Rights Commission for alleged discrimination on the basis of marital status. However, the Human Rights Commission adjudicator ruled that she did not have jurisdiction to decide the matter. This matter was originally considered by the Supreme Court Trial Division which agreed that the adjudicator did not have jurisdiction. The Human Rights Commission has further appealed the issue of jurisdiction to the Court of Appeal. A date for the hearing has not been set.

Retroactive reinstatement of benefits to all survivors who remarried prior to 1985 has the potential to increase the Commission's benefits liabilities by approximately \$6,600,000. The final outcome of this matter is still undeterminable.

23. Subsequent event

On March 2, 2005, the Commission announced the outcome of an operational review which commenced in 2003. The review was undertaken to identify improvements in business processes and to position the Commission to better meet stakeholder needs arising from legislative changes introduced in 2002. The Commission's response to the review is a four-year operating and business improvement plan which will realize operational efficiencies and improve communications among all stakeholders involved in the workers' compensation system in the Province. There are no additional material costs associated with the staffing impacts of the operating plan to be reflected in the Commission's financial statements as at December 31, 2004. It is anticipated the Commission may realize annualized administrative and program savings of \$1.8 million and \$5.5 million, respectively, on the full implementation of the operating plan by 2009.

24. Comparative figures

Certain of the comparative information has been reclassified to conform with the presentation adopted in the current year.

